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THOMAS COCHRAN

Former President of the Liberty National Bank Who on January 1 Became a Partner in the Firm of J. P. Morgan & Co.

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIRST YEAR JANUARY 1917 VOLUME XCIV, NO. 1

The Peace Talk

GERMANY has made a direct plea for peace, which the Entente Allies one after another have promptly rejected. President Wilson has addressed a note to the belligerents on both sides asking them to outline what terms of peace they stand ready to accept. This note has provoked much anger in France and Great Britain, and seems to have stiffened the determination of the Entente powers to fight on until the objects they are contending for are attained. One expression in President Wilson's note was open to the interpretation that each side is fighting for the same end. The Allies bitterly resent this.

The President's note not only stirred things up on the other side, but came near causing a financial panic here. Secretary Lansing in an interview intimated that the note meant that we were ourselves on the verge of war—an announcement which started a tremendous selling movement in the stock market; then the Secretary explained his first explanation, and there was a temporary sigh of relief.

The context of the President's note hardly justifies the interpretation given it by the Entente powers. He perhaps intended to convey the thought that according to the statements made by the statesmen of the antagonistic nations all were fighting for the same ends. But, on the other hand, so adroit a phrase-maker as President Wilson could hardly lack the ability to make his meaning clear and unmistakable. Possibly he intentionally put the statement in this somewhat equivocal form for the very purpose of eliciting the vehement protests which the Allied powers have made since the note was written.

Anger on the part of the Entente powers over the President's note is no doubt aggravated by the course of the United States throughout the war. They believe we should have shown more practical concern for the things they are fighting for; that we did not, and even failed to take any decisive action when our own rights were

invaded, make pious expressions in the numerous Presidential notes rather galling.

But peace will have to come some day. Its terms must be formulated soon or late. It seems plausible that the President should ask those who are fighting to state the terms on which they are ready to end the war. The Allies reject that view, nor do they receive Germany's overtures with any more favor. Evidently they do not intend to make peace upon outside suggestion nor at the behest of Germany, but wait the hour when that nation shall sue not as the victor but the vanquished.

PROFITS ON THE TRADE IN MUNITIONS

GREAT fortunes have been acquired through the manufacture and sale of munitions of war to the fighting nations in Europe. The business was one to which we were not accustomed, having been at peace for over a half-century at the time the war began. Our brush with Spain can hardly be considered as a serious interruption of this long peaceful era. American manufacturers are notably resourceful. At the outbreak of the war, while they had plants well equipped for ordinary manufacturing, they were not specially fitted for the making of war materials, nor did the manufacturers themselves have much if any experience in this branch of industry. They were not in July, 1914, particularly busy, as it was a period of rather dull business, and were thus able to turn their attention to the new demands suddenly made upon them. That they have met these demands in a way to establish the skill, resources and energies of American manufacturers, the results attained sufficiently show. The shipments of war munitions to the Entente Allies have had a powerful influence in sustaining their side, and may even prove a strong determining force in the final result.

This trade in deadly missiles apparently has been extremely profitable. There are those who think the profits excessive. Of this number is the Comptroller of the Currency, who said in a recent address:

"For the munitions and equipment of war we have been supplying to the belligerent countries we have taken sometimes cruel advantage of their necessities and have charged them prices which are well-nigh intolerable—prices which have yielded in some cases 200, 300 or 400 per cent. profit. Is this fair? Is this justifiable in a Christian nation?"

The question as to what is a fair profit to be exacted by "a Christian nation" engaged in furnishing materials for killing people may be passed by in the absence of more detailed data on this fine ethical subject.

Numerous mushroom millionaires will henceforth date their rise to fortune from the beginning of the munitions trade with Europe. Not only have the few been enriched, but apparently there is a widespread prosperity. Everybody is working and at high wages. And yet, in characterizing the prevailing prosperity as "apparent," has not the real situation been correctly indicated?

Prosperity, in the material sense, consists in an abundant production and wide distribution of the goods that contribute to the well-being of mankind.

How do present conditions meet this test? It will be said that while prices of the necessities of life are high, at least the farmers who produce the bulk of these necessities are prospering. But have you ever heard greater complaint than now about people leaving the farms? If the profits derived from farming were satisfactory, abandoned farms and the vast reaches of uncultivated lands would disappear. Men would go into farming as they go into other lines of business—to make money.

Those who live on salaries and wages which rise but slowly, and do not keep pace with the advance in the cost of living, find themselves in almost desperate straits. A scale of living entered on in more normal times can not suddenly be altered, and the attempts made in this direction seem futile, the gains possible being swallowed up by some fresh extortion. Complaints of inability to make both ends meet were never more numerous and perhaps never more true.

Of course, the statisticians will all quote you columns of figures to prove the contrary: exports are the greatest ever known (but as to how domestic prices have been affected in consequence no information is given); the volume of money in the country is unprecedented (they say nothing about what the money will buy); bank deposits are at the highest level ever known (what bank "deposits" are and what they mean, you are left to infer); wages are at top-notch (but they are silent as to what wages will buy compared with other times), and so on along the familiar columns of figures generally employed to prove the existence of prosperity.

The almost universal murmuring among all classes except the comparatively few mushroom millionaires, the strikes and lockouts, the threatened bread riots, these tell a different story.

If one should carefully look below the surface of our so-called prosperity, might not the conclusion be reached that it is almost wholly false and illusory?

Would it be going too far to say that America, instead of mak-

ing vast profits out of the war—a taunt often repeated by all the European belligerents—has made no profit whatever?

We have either gained or lost, and probably a searching examination of all the facts would show a balance on the wrong side—not indeed in the foreign trade, or in the volume of gold, but in the actual conditions affecting the lives of the people.

On international account we have gained in the following ways, and of course in some others:

(1) We have bought back a large amount of American securities held abroad.

(2) We have become buyers of the securities of other countries.

(3) We have obtained from abroad a very large stock of gold.

Each of these items could be represented by figures, but the other side of the account, which will presently be stated, could not be.

As to the first of the supposed gains, how real is it? Did not the United States borrow abroad for production purposes, and was not this foreign capital—generally obtained at a low rate—being used to build up our railways and industries? That we have through the great profits suddenly accruing been able to buy back a lot of our securities by no means proves that it will be convenient or easy to retain them when conditions change.

Much has been said in this country of late as to the desirability of holding foreign securities, and as mentioned in the second item above, we have invested a considerable sum in such securities in the last two years. But while fully conceding the economic desirability of these loans to a nation that can afford them, the contention that the United States has changed overnight from a debtor to a creditor country is misleading. Temporarily, and perhaps permanently, our share in international financing will be larger than heretofore, and very likely will continue to grow. Yet it must not be forgotten that this is still a young and undeveloped country, needing probably all our own capital and more.

As to the increase in the stock of gold, positive opinion exists in this country that this gain is actually a loss; that we did not need the gold, and that it has tended to inflate credit and to raise prices. Conceivably, the gold might have been put to a wiser use in strengthening the bank reserves and currency, but since it has not been so employed as fully as might have been, the conclusion is warranted that the large flood of gold coming into the country since the tide turned soon after the war began, has proved of doubtful value.

In measuring these theoretical gains, it will be seen that they are more or less deceptive. As to the other side of the ledger—the losses—it is not altogether easy to produce actual figures. Still dealing with the international account, we find trading with some of our best customers greatly curtailed or totally destroyed, either because of blockades or lack of shipping; thousands of ships, includ-

ing many of our own, have been sunk. To replace these will require the diversion of capital from other productive employment, and a great deal of labor to repair a pure waste. The travel between American and European lands is practically suspended.

The big exports, the huge bulk of gold, the busy workmen employed at high wages, all have about them evidences of the greatest prosperity. Other nations, deriding us for lack of courage to fight, are also envious of the supposed profits we are making out of war. They say our only concern is to coin the misery of others into gold. Is it a spurious coinage? Are the fruits of this trade Dead Sea apples?

SOUNDNESS OF ECONOMIC CONDITIONS

IN one of the opening paragraphs of the "Annual Report on the Finances," recently transmitted to the Speaker of the House of Representatives by the Secretary of the Treasury, appears a statement which may well attract attention and arouse discussion. The Secretary says:

"Fundamental economic conditions have never been more sound."

If one were to be guided by mere surface indications, Secretary McAdoo's statement would be accepted without hesitation. Foreign trade figures are at their highest level; we have the greatest gold stock ever accumulated in the world; labor is fully employed and at high wages; bank deposits have broken all records; crops have been generally good and have sold at high prices.

If anybody denies, in the face of all these indices of prosperity, that we are really having "good times," he must be a chronic pessimist.

But that of course is not the question. Times are good, in the ordinary sense, so far as relates to the elements above mentioned. But are fundamental conditions sound, sounder than ever before?

Is a big foreign trade, based largely upon war, fundamentally sound?

Is a big gold reserve obtained through this war trade and the exceptional conditions produced by the war fundamentally sound?

Are the high prices largely caused by the war fundamentally sound?

Is that a fundamentally sound condition where a few men almost overnight have become bloated millionaires while masses of

the people yet find the procuring of the ordinary necessities of life a heart-breaking problem?

Are the evidences of luxury and extravagance typical of fundamentally sound conditions?

Is the perplexing railway situation fundamentally sound?

Is that a fundamentally sound situation where a large portion of our wage earners are employed in industries that may disappear almost in the twinkling of an eye?

The Secretary of the Treasury wrote the statement quoted within less than a month after the Presidential election. Possibly he unconsciously permitted some of the enthusiasm engendered by the result of that event to find its way into the otherwise cold pages of the "Annual Report on the Finances."

BUYING AND SELLING IN BANKING

IN recent years the most alert banks of the United States have begun to pay considerable attention to the matter of advertising.

Twenty years ago every bank advertisement was exactly alike, so far as form went. All announced that a regular banking business was transacted, and a few of the more venturesome stated that correspondence was solicited. These thrilling sentences, together with the name and location of the bank, its capital, surplus and profits, and a list of officers, completed the bank announcements customarily seen as recently as twenty years since. Times have changed. Nearly all the advertising of a live bank to-day contains a real message to the person addressed, and this message is presented in an attractive form.

Banks have many services to offer the public, and these are now being forcefully presented.

It remains true, however, that a large part of bank advertising consists in inviting deposits. A bank in obtaining deposits from the public is in reality borrowing funds in order to lend them to others. In law the relation between a bank and its depositor is merely that of debtor and creditor, the bank being the debtor and the depositor the creditor. The price which a bank pays for deposits not only varies in amount but does not always consist of the same thing. Most banks pay interest on deposits if left with the bank a certain length of time; others pay for the use of deposits by rendering the depositors a service of some kind—making them loans, collecting notes and drafts, paying the depositor's checks, etc.

Strangely enough, as it would seem at first sight, while a bank

is ready enough to advertise for deposits, few banks care to advertise that they are ready to make loans. They have no reluctance in making it known that they are willing to become indebted to the people, but are chary about saying anything to indicate that they are willing to have the people become indebted to them.

As already indicated, all bank advertising twenty years ago was what was then known as cards, of the dignified form mentioned above. This kind of advertising is now called the tombstone style, something appropriate for "epithets" as Mrs. Malaprop might say. It was considerable of a concession when banks began to advertise at all. The idea that the public should actually be invited to come into the bank was a severe jolt to the president of the ultra-dignified type. When the more progressive banks really began to say something in their advertising, many of these old-fashioned fellows thought the end of all sound and safe banking was at hand. That they were mistaken we all now know. It is no longer considered a violation of banking ethics to advertise for deposits.

But few banks ever advertise their readiness to make loans. Yet it is necessary for the bank to lend if it continues to borrow—that is, to invite and to receive deposits. Presumably, the theory upon which most banks operate is that there will always be enough good applications for loans without any advertising, and to advertise its lending facilities a bank would be encouraging the borrowing of money and thus tend to create a condition leading to over-lending and inflation. They appear to be less concerned about encouraging others to lend to them, although it would not be difficult to show that ordinarily when a bank borrows from a depositor—that is, when it receives a deposit—there is more inflation than when the bank makes a loan.

The assumption that a bank will always have all the good applications for loans that it can handle does not universally hold true. Some banks in certain localities experience dull seasons in lending, just as merchants do in selling goods. It is not unusual to hear a banker complain that he has too much money. But in the face of this slack demand for funds, he is debarred by prevailing notions as to banking ethics from advertising to make loans.

Does this practice rest upon sound principle or is it on a par with the antiquated style of bank advertising that existed twenty years ago?

Is not the credit which a banker has to sell just as proper a subject for advertising as the carrots or turnips which the grocer has to sell?

How can a bank expect to attain the highest degree of usefulness and prosperity if it attends only to the buying end of its business and neglects the selling end? Is not the latter at least as important as the former?

Here and there a bank does timidly announce that it is often able to help young men who are depositors in meeting their business problems. This timid announcement is probably too deep for the average young man starting in business.

But if bankers feel a just hesitancy in breaking with traditions in regard to advertising loans, there is another phase of financial publicity to which this hesitation surely does not apply, and that is the sale of investment securities. Here is an almost unlimited field for education. The general public and even many banks are greatly in need of sound education in regard to investments. The foreign loans recently placed here have been rapidly absorbed, considering that our people knew so little about investments of this character. But if we are permanently to assume the rôle of a lender to foreign countries, much educational work remains to be done.

BIG JOB FOR THE U. S. A.

THAT the United States is somehow to manage the affairs of the world is an idea that seems to have taken firm hold of many minds. This exalted notion of ourselves was thus stated by Hon. John Skelton Williams, Comptroller of the Currency, in an address delivered at the meeting of the Southern Commercial Congress at Norfolk:

"The world's fate in the present is for us to determine. The world's future is for us to determine."

Profoundly believing as this MAGAZINE does in the institutions of this country, and with large faith in the beneficent example afforded by a people working out under fresh conditions the problems of democracy, the feeling can not be escaped that a national attitude of mind like that indicated in the statement by Comptroller Williams is supercilious and unfortunate from every standpoint. Across the water the nations are battling for their lives, and the result will vitally affect the world's fate. Probably this struggle will have as much influence on the future as anything the United States has done recently or seems likely to do in the near future. Even the Comptroller does not entertain a high opinion of our position with respect to the war, for he goes on to say:

"Now let us return to a consideration of what our country has thus far done to aid in this world crisis. Our gifts have been one-twentieth of one per cent. of our profits or total earnings in this period. The most despised and hated cheating pawnbroker or

usurer, bloating himself with wealth at the cost of his poor neighbors and coining their miseries into riches for himself, would invoke our scorn and detestation with such a showing of compassion between his charities and his acquisitions. It is not a creditable showing, my friends. It is far from pleasant to our pride, but we must face facts. We may be very sure that whoever wins or whatever the results may be from this frightful tragedy the nations will know the truth, will judge us by it and will measure by it their feelings and their conduct towards us. Wisdom requires of us that we consider our own sins and delinquencies, realize how other peoples will see and judge them; and that we repent and amend and prepare to make our penitence and amendment effective, not only for reparation, but for protection for ourselves from possible consequences of our own acts and attitudes.

"We invite the wrath of strong peoples, the hate of the defeated and the vengeance of the conquerors in the present war, not only by the cold-hearted indifference of the masses of our people to their sufferings, but by the vast prosperity, the huge stores of profits—some of them extortionate—we have acquired; even by the faithful and sagacious efforts of our Government to maintain honest neutrality, while insisting on our own rights and enforcing the ethics and the precepts, the meaning and demands of international law. Trying earnestly to be fair to all, we have incurred the suspicion and the animosity and brought upon ourselves the accusations of all."

But do not such comprehensive claims as those contained in the Comptroller's first statement tend to aggravate the wrath and hate to which reference is made above? Posing as arbiter of the world's destinies is rather a big job for the U. S. A.

INTERNATIONAL GOLD CLEARANCE FUND

AN interesting account is given in the Secretary of the Treasury's Annual Report on the work of the International High Commission, which was constituted by the Pan-American Financial Conference held in Washington in 1915. This reference to a proposed international gold clearance fund is of especial interest to bankers:

"The commission has also prepared for consideration a tentative treaty draft providing for the assumption by all signatory powers of an obligation to regard as inviolable an international gold clearance fund which would serve as the basis for international exchange

transactions. Thus the physical transfer of gold would be obviated in large measure. The use of dollar exchange would be stimulated by such a system. Closely related with this subject is another point upon which the commission reports a marked advance, viz., an international money of account. This subject has been debated for many years in American conferences. This unit, agreed upon April 10, 1916, will be calculated to have a weight of .33437 grammes and a fineness of .900, or just one-fifth of our own dollar."

In view of the known tendency of nations to tear up treaties in time of war, the question naturally arises as to what would become of this gold clearance fund should war break out between the nation holding it and some or all the other signatory powers. A big gold reserve would prove a strong temptation to an invading army.

The principle of making settlements on the basis of a fund held by a central institution of some kind acting as trustee is employed by the banks in their relation with the clearing-houses and by the members of the Federal Reserve Banks. Its application could doubtless be extended to include foreign countries, and considerable economy effected.

NATIONAL BANKS IN MICHIGAN DENIED TRUST COMPANY POWERS

MICHIGAN, following the example of Illinois, has denied to national banks the privilege of exercising trust company powers under the Federal Reserve Act. That act permits the granting of such power by the Federal Reserve Board where the law does not conflict with the State statutes.

Judge Brooke of the Supreme Court of Michigan in a decision recently handed down contends that the Reserve Act provision is ineffective for three reasons: (1) Because Congress has not the constitutional authority to confer such powers upon national banks; (2) because, even if Congress possessed the power, it cannot delegate such authority to the Federal Reserve Board, and (3) because the granting of such powers would be in contravention of the state law.

There are only a few trust companies in Michigan, and they confine their operations solely to trust company functions, not exercising banking powers. It is but natural, as the trust companies are not doing a banking business, that they should object to the banks doing a trust company business.

This decision again emphasizes the fact that the Federal Reserve Act has failed to unify the banking systems of the United States.

FEDERAL RESERVE BOARD'S WARNING AGAINST FOREIGN TREASURY BILLS

ON November 27 the Federal Reserve Board issued the following.

"In view of contradictory reports which have appeared in the press regarding its attitude toward the purchasing by banks in this country of Treasury bills of foreign governments, the Board deems it a duty to define its position clearly. In making this statement the Board desires to disclaim any intention of discussing the finances or of reflecting upon the financial stability of any nation, but wishes it understood that it seeks to deal only with general principles which affect all alike.

"The Board does not share the view frequently expressed of late, that further importations of large amounts of gold must of necessity prove a source of danger or disturbance to this country. That danger, the Board believes, will arise only in case the inflowing gold should remain uncontrolled and be permitted to become the basis of undesirable loan expansions and of inflation. There are means, however, of controlling accessions of gold by proper and voluntary coöperation of the banks or, if need be, by legislative enactment. An important step in this direction would be the anticipation of the final transfer of reserves contemplated by the Federal Reserve Act to become effective on November 16, 1917. This date could be advanced to February or March, 1918. Member banks would then be placed on the permanent basis of their reserve requirements and fictitious reserves would then disappear and the banks have a clearer conception of actual reserve and financial conditions. It will then appear that while a large increase in the country's gold holdings has taken place, the expansion of loans and deposits has been such that there will not remain any excess of reserves, apart from the important reserve loaning power of the Federal Reserve Banks.

"In these circumstances the Board feels that member banks should pursue a policy of keeping themselves liquid; of not loaning down to the legal limit, but of maintaining an excess of reserves—not with reserve agents, where their balances are loaned out and constitute no actual reserve, but in their own vaults or preferably with their Federal Reserve Banks. The Board believes that at this time banks should proceed with much caution in locking up their funds in long term obligations or in investments, which are short term in form or name, but which, either by contract or through force

of circumstances, may in the aggregate have to be renewed until normal conditions return.

* * *

"The Board does not consider that it is called upon to advise private investors, but as the United States is fast becoming the banker of foreign countries in all parts of the world, it takes occasion to suggest that the investor should receive full and authoritative data—particularly in the case of unsecured loans—in order that he may judge the future intelligently in the light of present conditions and in conjunction with the economic developments of the past.

"The United States has now attained a position of wealth and of international financial power, which, in the natural course of events, it could not have reached for a generation. We must be careful not to impair this position of strength and independence. While it is true that a slowing down in the process of credit extension may mean some curtailment of our abnormally stimulated export trade to certain countries, we need not fear that our business will fall off precipitately should we become more conservative in the matter of investing in loans, because there are still hundreds of millions of our own and foreign securities held abroad which our investors would be glad to take over, and moreover, trade can be stimulated in other directions.

"In the opinion of the Board, it is the duty of our banks to remain liquid in order that they may be able to continue to respond to our home requirements, the nature and scope of which none can foresee, and in order that our present economic and financial strength may be maintained when, at the end of the war, we shall wish to do our full share in the work of international reconstruction and development which will then lie ahead of us, and when a clearer understanding of economic conditions as they will then exist will enable this country more safely and intelligently to do its proper part in the financial rehabilitation of the world."

As the general position taken by the Federal Reserve Board accords with suggestions made in the November number of this MAGAZINE several weeks before the above warning was issued, it is unnecessary to comment on the matter at length at this time. Opinion is divided upon the propriety of the Board's ruling. The warning had the effect of stopping sales of some foreign treasury bills in this market, and has also affected somewhat the price of some of the securities already issued.

Cattle Loans

By F. N. SHEPHERD, Cashier Empire National Bank, Lewiston, Idaho

By the development of more adequate means of financing the cattle industry production in that important line will be increased and the supply of meat rendered more abundant—something urgently needed at this time.—Editor BANKERS MAGAZINE.

THE past two years have witnessed a piling up in the banks of an abundance of deposits. These are, however, not investment funds, but held subject to the call of depositors, who, hesitant between a prosperity in certain lines overstimulated and conditions unstable, await a prospect more settled before entering new or permanent commitments. The banker's most perplexing problem has been how to invest these surplus reserves so as to return a profit and at the same time be available on short notice. In the effort to accomplish this end the bank rate has been driven to the lowest point in years.

F. N. SHEPHERD
Cashier, Empire National Bank, Lewiston, Idaho and a Member of the Agricultural Commission American Bankers Association

CATTLE LOAN COMPANIES INCREASE

ONE of the results of this condition has been the multiplication of cattle loan companies whose object is the production, distribution and sale of paper meeting the above requirements and based upon cattle as security. By a comparatively few bankers, chiefly located at the livestock and reserve centers, cattle loans properly drawn and margined have long been regarded as among the most desirable investments for a commercial bank. To the generality of banks, however, their nature has not been so well known. It shall be my object to discuss this kind of security which can no doubt to-day be found among the assets of more banks than ever before.

CATTLE INDUSTRY BRIEFLY SKETCHED

A BRIEF preliminary survey of the cattle industry may be both interesting and instructive. Within a generation the business has undergone an almost complete transformation. Excepting a few instances in the West and Southwest, the vast open cattle ranges have been broken up by the advance of the plow. Millions of acres of once public domain, open to the free access of the cattleman, are now in private hands, under fence and in crop. The day when the range cattle, following the lead of the buffalo, migrated with

the season is past. While tending toward a curtailment of the industry, this change has had a steadying effect in that animals now largely kept under fence are no longer subject to the vicissitudes of the seasons for water, shelter and food. The change has also had the compensating effect of putting the industry on a basis more scientific and making more desirable paper based upon cattle as security in that the business is more stable and less liable to wide fluctuations. Experience has shown that, while the value of cattle varies widely over extended periods, its fluctuation over short durations is not large.

Although the last year or two has seen a slight increase in the number of cattle, we have within a decade been transformed from a beef-exporting to a beef-importing nation. Ten years ago we were exporting $150,000,000 worth of beef annually. To-day we are importing beef. Within a period of six years—1907 to 1913—our beef cattle decreased from 50,000,000 to 30,000,000, a condition that was reflected in the increased price of meat.

During the period 1905 to 1915 the average price of beef cattle of all kinds increased from $15.15 per head to $33.38. The average price of milk cows more than doubled within that time. To be exact, the increase per head was from $27.44 to $55.33. Although the number of milk cows increased there was a decline in the number of all other classes of cattle, the recession being from 51,566,000 in 1907 to 37,067,000 in 1915, during which time it is estimated our population showed an increase of about twenty per cent. Within the past few years the ranges of Mexico have been pretty well stripped of their beef supply and in many of the war-ridden countries of Europe much of the beef and also the dairy cattle has been appropriated to public use. Already foreign agents are seeking out in this country high types of breeding animals with which they hope to restock the fields of Europe. Incident to the present war we have also experienced an unprecedented demand for some of the by-products of beef, especially leather goods in the form of saddlery, shoes and army equipment.

While present prices cannot be expected to last indefinitely, and the many abnormal and uncertain elements entering into their composition make one hesitate to hazard a forecast, it does not seem unreasonable to believe that the price level will be fairly high for the next three or four years, which is the minimum time required to produce a new crop of beef.

CATTLE LOANS CLASSIFIED

FOR convenience cattle paper may be classified under three heads:

1. Live beef loans.
2. Stocker loans.
3. Dairy loans.

Live beef loans, or, as they are often called, feeder loans, are usually made for the purchase of steers to be put on feed for fattening. Where the borrower is a man of known ability and integrity, has an ample supply of feed and the proper facilities for housing, watering and caring for the animals, the entire purchase price is usually loaned and, as security, a chattel mortgage is taken covering both the cattle and the feed.

The element of risk in these loans is reduced to a minimum because the animals are well housed, well-fed and under close fence where the liability to infection or disease is small. They gain in weight daily and therefore constantly increase in value. They increase in value not by reason of weight alone. The beef of a fattening animal improves in quality and a steer ready for the block brings two or three cents a pound more than one going on feed.

In the fattening pen steers gain in weight on an average of two pounds apiece per day, hence as the animals approach the day of sale the value of the security increases both on account of quantity and quality. Experience teaches that it is reasonable to expect a steer entering the fattening pen at one

thousand pounds weight will increase at least $20 in value on two to four months' feed. From the commercial banker's viewpoint live beef loans are the most desirable class of cattle paper because they are not only based upon a life necessity for which there is at all times a ready market, but they are of short duration and self-liquidating.

Such loans properly made almost always find a ready market. They compare most favorably with prime commercial paper, are bought with the same assurance by bankers who understand them and are regarded highly as secondary reserve. Cattle loans at present bear a somewhat higher rate than good commercial paper. Section 13 of the Federal Reserve Act permits their rediscount by member banks providing the maturity is six months or less. The supply of feeder loans is seldom equal to the demand.

STOCKER LOANS

STOCKER loans are those made against stock cattle, such as cows, young heifers and steers, which are kept on farms or ranches for growth and breeding purposes. These loans run for a longer period than feeder loans, their term usually being from one to two years.

Through the natural increase in calves and the growth of young animals the security behind stocker loans increases in value during the life of the loan. Where made on cows alone the natural increase is often sufficient to liquidate the entire obligation during its life of eighteen months to two years. Stocker loans are usually drawn for a six months' period with the privilege of one or two renewals. By reason of their longer duration they are not so desirable for the commercial bank as the more liquid feeder loans. However, the element of risk is small, they bear a compensatory rate and their absorption by banks and investors is absolutely necessary to the industry.

DAIRY LOANS

THOSE loans made to the farmer or dairyman upon milk cows are dairy loans. The presumption is that the obligation will be liquidated out of the proceeds from the butter fat. They are usually long time loans and paid in small installments at monthly intervals. Where the borrower knows the business, is well situated as to caring for his cows and disposing of his product, the loan may be safe and its acquisition good business for the local banker, but it is not of a type that is liquid or eligible for rediscount or ready sale outside the community of its origin; hence as an asset of commercial banking, cannot be held in the same esteem as either feeder or stocker loans.

CATTLE LOANS STANDARDIZED

THE Federal Reserve Act, admitting to rediscount cattle paper with maturities up to six months, and the increase at the livestock centers of cattle loan companies who are specialists in their line, have done much to standardize cattle loans and make the farmer's or stockman's paper, based upon such security, desirable, widely-known and salable. The ultimate effect of this will be to reduce the rate of interest to the borrower and place the cattle loan upon a basis comparable in public favor to prime commercial paper.

Many banks located at the market centers have been pioneers in the live stock loan business and are known as live stock banks. The business has become of such magnitude as to require the entire time and attention of specialists, and bankers in live stock centers have in many instances organized or become affiliated with cattle loan companies.

HOW CATTLE LOANS ARE NEGOTIATED

WHILE many of the applications for large loans come direct to the live stock banks or cattle loan com-

panies, cattle loans are, for the most part, made in the ordinary course of business by the country banker acting individually or for his bank.

The process of making a cattle loan is simple and intended to safeguard alike the interests of all concerned. The borrower makes a property statement and executes a note and chattel mortgage covering the cattle and running to the banker, who, while knowing personally his customer, verifies all statements, inspects the animals and sees that the facilities are adequate for feeding, watering and caring for the stock throughout the life of the loan. The banker may hold this paper in his own note case as secondary reserve, if the situation warrants and the maturity of the note admits. He may, if his be a member bank, rediscount the note to the Federal Reserve Bank of his district. If his bank is not a member of the Federal Reserve system, he may sell the note to a city correspondent or a cattle loan company. If sold or rediscounted the note and chattel mortgage are endorsed and assigned by the bank, or banker, whose property statement also accompanies the loan. When taken by the cattle loan company, its inspectors reinspect the security and the conditions surrounding it.

The cattle loan company acts as a broker and through its various connections or sales organization places the paper with city banks or the investing public, using much the same methods as mortgage loan companies or commercial paper houses.

THE SECURITY BACK OF THE LOAN

BEHIND paper so acquired the ultimate purchaser has as security the live stock—a life necessity for which there is at all times a cash market—the financial and moral responsibility of the stockman, the guarantee of the local banker and the endorsement of the cattle loan company. It will be seen therefore that cattle paper drawn, with the precaution of experience, knowledge and conservatism, is a security commanding consideration. Improved railroad facilities with the consequent development of live stock and packing centers such as Omaha, Kansas City, Chicago, St. Louis, Portland and Fort Worth, have created for stockers, feeders and fat cattle a cash market every day in the year, so there is no time when the security behind cattle paper cannot be realized on if necessary.

BUY WITH CARE

THE great demand for good liquid paper and the high price of beef have been catered to by the recent issue of large volumes of cattle paper, some of which, taken chiefly to supply the demand and without proper precaution and judgment, is no doubt going to cause anxiety and loss to the purchaser. Careful scrutiny should be exercised in buying and particular consideration given the ability, experience, character and responsibility of the institution or individual making the offering. As in the purchase of commercial paper the investor depends in large measure upon the responsibility and judgment of the broker, so in buying cattle paper too much regard cannot be given the ability and reliability of the broker or cattle loan company.

LIVE STOCK A FINISHED PRODUCT

LIVE STOCK puts fertility in the soil as well as money in the bank, and those communities which rest upon a live stock basis are on a sound foundation and for the most part prosperous. The live stock grower is not a mere soil tiller bartering a raw material, but a manufacturer selling a finished product.

In liquidity, rate of interest earned and amount of risk involved the investor will find cattle loans, carefully taken, to compare favorably with the best class of commercial paper. In purchasing them he not only acquires a good security but encourages an industry meriting support.

The High Cost of Living

By JOHN RAYMOND CUMMINGS, Author of "Natural Money"*

Of the numerous causes contributing to the present high prices of commodities, the scaling down of bank reserves through various devices undoubtedly must be held responsible for much of the existing inflation. At a time when bank reserves ought to have been strengthened a contrary policy has been encouraged by law. Mr. Cummings may possibly go to extreme lengths in the other direction and also attach too much weight to the influence of the money supply upon prices, but it is believed that his views will be found both interesting and timely.—Editor BANKERS MAGAZINE.

SUPPOSE you were in a strange country, Korea, for instance, and in discussing the high cost of living with an inhabitant were told that: "Ten years ago we could get 100 pounds of wheat for a day's labor, but now we have to labor a day and a half for 120 pounds." The statement would be a complex Oriental way of putting things quite incomprehensible to your common-sense habit of thought, and probably would elicit some such inquiry as this: "Why do you not say that you now get 80 pounds for a day's labor; why change the notation on both sides of the equation?" And if the Oriental insisted that his way of stating the fact was the natural and simple way you would certainly consider it new evidence tending to confirm the Darwinian theory.

Yet we and all other nations are unconsciously using an equivalent formula. Ten or twenty years ago a common laborer could earn $1.50 a day, and with the gold could buy two bushels or more of wheat, and to-day can earn $2.50, with which he can buy a bushel and a quarter of wheat. This is merely by way of illustration. But to put it in general terms, and speaking of the situation before the war brought in a new factor, we were really engaged in practising a confidence game uoon ourselves. Prices were advancing mainly because of the increased stock of gold, and wages were trying to keep pace with advancing prices. Laborers have been demanding more wages because prices were advancing, and railroads were demanding an increase of rates because of advance in wages and the cost of materials. Thus money wages increased, but as prices increased faster than money wages, real wages (what the money wage would buy) were really falling, as the great mass of the people have learned to their sorrow.

Is there no help for this? Must prices forever run away from wages? The remedy is in fact simple and easily applied. I do not mean that it is easy to get it applied, but that it would be easy if Congress knew what to do and really desired to cure the evil. The difficulty is either ignorance or a desire to perpetuate a condition that is all but intolerable. It seems to me that it is lack of knowledge rather than an unworthy motive, for many leading bankers, who are usually sound on this phase of the money question, have become unconscious inflationists.

EVERYBODY who is not crassly ignorant of the fundamental principles of money (even as now known) knows that the money of the world has been ruinously inflated during the last twenty years by the enormous output of gold, which has almost doubled the gold

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money stock since 1896. It may be said that this inflation, being the result of increased gold production, cannot be dealt with by law; that all we can do is to grin and bear it, but this is not true. It would be perfectly easy to deal with if the men in charge of the matter had reached that point of development which prompts men to go indoors during a rain.

The great Turgot believed that all the errors committed by man are the result of the confusion which people are constantly making between causes and effects. I call this the error of "inversion," and had been working on it several years as one of the keys to economic problems before discovering that it had ever been held by any one else to be the source of error. I was a victim of it myself in 1896, but am now "entirely cured," as the testimonial writers say.

The bankers were right in their opposition to inflation via the "free silver" route, but many of them are unconsciously advocating a more dangerous form of inflation. In their efforts to lower the legal gold reserve, they are advocating an inflation of the currency (bank credit) far more dangerous than free silver, because it is a form of inflation so insidious that even the bankers themselves appear to have no comprehension of it.

It is self-evident that if the reserve were reduced by one-half, credits would soon be doubled unless bankers acted in concert to prevent it. It would be very difficult for perfect concert of action to limit loans, for if the bankers in a city like Chicago loan liberally the effect will be to increase the prices offered in that market, thus attracting produce and virtually forcing other markets to a like course. However it comes about, bank credits are substantially proportioned to gold, and as the total of currency (bank credit) value is antithetical to market values, if the volume of currency is expanded without a corresponding increase of wealth it simply means that the unit value of the money has fallen. Increase of the general average of prices apart from decrease of production *is* decline of the unit value of money.

Increase of prices necessitates an increase of money wages and a general readjustment of the basis on which business is conducted, all of which readjustments cause enormous friction and threaten revolutionary conflicts between capital and labor, or legislation that may prove the entering wedge of a new economic order akin to that now in force in Europe.

All this is unnecessary. A Comptroller of the Currency with proper authority and a knowledge of the principles involved could prevent all the confusion we are now suffering from. The only thing necessary to defend against this ruinous inflation of prices due to a flood of gold from Europe, which is our present trouble, is to increase the gold reserve required proportionally to the influx of gold, and the comptroller's guide for doing this would be the general level of prices of those commodities that constitute the necessaries of life. By suspending free coinage also we could keep our prices as nearly normal as might seem desirable. If this were done gold certificates would be at a premium above bullion, but as foreign coin comes in as bullion this would make no difference to exporters, for bullion prices would simply be higher than domestic prices quoted in gold certificates. Of course under this policy all gold coin should be called in and only gold certificates used. This would be necessary to prevent counterfeiting if the price of bullion fell far below our gold certificates.

I THINK it is generally held by economists that we cannot avoid bearing much of the burden of a foreign war, but this is not true except in a qualified sense. Things we have been in the habit of buying from a nation at war we shall have to pay more for or not be able to get, and of course we do respond to their calls for aid by selling them more

than we ordinarily do, thereby diminishing our own consumption of current production, but we get permanent forms of wealth (railway stocks, bonds and gold) in exchange, and not only get them at a low price, but sell what we sell at a high price. In other words, we exchange commodities at a high price for capital at a low price. On the whole, therefore, we bear little of the burden of foreign wars, but in the absence of such regulation as I have suggested wage-earners feel the burden while capitalists are profiting, for there is always a considerable lag of wages behind prices. But I must qualify the statement that capitalists profit by the situation, for many of them do not. It is evident that the situation may become very serious for public corporations with fixed prices for their services. They cannot raise their charges, yet must pay higher wages and higher prices for materials. Many railways are now in this situation, and it seems probable the outcome may be a peaceful revolution of the railway system.

IT is evident that if the reserve requirements were lowered to the vanishing point we should be on an inconvertible basis, and the converse of this is also true; that is, if the reserve requirement were gradually increased to 100 per cent. of deposits, we should be on a cash gold basis, and bankers would then lend money (gold) and not credit based on gold. Presumably this would increase the purchasing power of gold to several times its present value—to about eight times, if we shut out foreign gold by circulating only gold notes and suspending free coinage. This would not be an advisable course of action, but it shows where the control of prices rests, and that all the arbitration commissions and legal regulations of business in the effort to reduce the cost of living are mere clumsy expedients of pseudo-statesmen.

But how about redemption of the gold certificates? Redeem them in bullion only. There is no difficulty here, as seems to be apprehended. Gold bullion is not legal tender, and men who have bullion and want money will exchange it for gold certificates at the market price. But the Government will not always buy at the market price. It will buy only when the price index indicates that the volume of money ought to expand. This being so, a legal tender gold certificate will always buy *more* than 23.22 grains of bullion. Certificates will therefore never be offered for redemption, as the Government will never give more than 23.22 grains of bullion for them. The Government will therefore always have a surplus stock of gold in hand against which it can issue certificates for construction of such Government work as may be in progress. They should not be issued for current expenses.

The high cost of living can easily be reduced by this simple method.

THE banker is the manufacturer, the dealer, the transportation expert, the farmer, the exporter and importer, yea, the connoisseur of art. He has his limitations, no doubt, but surely he may well be called the Atlas of the modern world.—N. Y. EVENING SUN.

Parallels of Forgery

By DAVID N. CARVALHÒ

In this number Mr. Carvalho begins a series of articles on the subject of forgery. The author will trace the history and development of this serious menace to sound banking and also suggest remedies for its present prevalence.—*Editor* BANKERS MAGAZINE.

THE Art of Forgery forty or fifty years ago marks an epoch over and beyond the ken of most of the bank officials of this generation. In those times the game of forgery—for game it was—was played with skilfully-prepared rules, supposed to meet every condition or exigency which might arise and which if closely followed multiplied many times the chances of the forger to win the game. There was no sentiment about it—it was a cold business proposition. These rules, notwithstanding the care exercised in their preparation, were like many others—made only to be broken—so it happened that many times they failed to work; something went wrong and both the money and time invested by these wrongdoers were lost.

In nineteenth century periods, the successful professional forger acting as a single unit was practically unknown; it was the forgery bands which held sway in the monetary world and the number of lucky operations by them, both abroad and at home was legion. No bank or like institution was immune from their depredations, schemes were frequently contrived to swindle by means of forged notes, checks, drafts, bills of lading or exchange, letters of credit and other monetary instruments. Indeed, in some instances it was not an uncommon thing to suddenly discover that certificates of stocks or bonds which had been hypothecated for loans were only clever counterfeits.

In some financial centres consternation dominated to such an extent that when a successful forgery would be consummated by one of these bands; the frequent and inevitable question would arise as to whose turn it was next? This led to small panics and bank officers often became over-suspicious and timid about cashing checks presented by their own dealers. Many curious instances can be cited where good paper was both challenged and even repudiated and because of the alarmed sensibilities of bank officials. Of course, everything possible which could be thought of to anticipate and overcome forgery raids by these bands was done. Occasionally a band was rounded up and dispersed; but there were others to take its place and so the great game went on until the master minds in command of many of them because of errors committed by their hirelings and satellites were either captured or they concluded that "the game was not worth the candle."

In those earlier days it was not always the custom of banks to provide blank checks for their dealers; instead, such patrons often furnished their own forms which were frequently quite elaborate individual affairs, and sometimes very rich in ornamentation. Strange as it may appear, the forger capitalized this latter fact in the correct belief that because of the very complex costumes in which the actual forgery was dressed, the suspicions of the bank teller would be either dulled or lulled and his mind thereby deflected from the more important and vital portions of the check. This fulfils what I have have always contended, that it is easier to forge and successfully deceive with a signature re-

produced from one containing curious eccentricities and odd characteristics, than would be the case of those of a plainer and more legible appearance. In other words, the more intricate the background designs appearing on the check form, in company with a complicated signature and an apparently correct perforated or cut-out amount, such an instrument really offered a premium to the forger and made it simpler to create a forgery which would stand scrutiny unchallenged by the bank officer who might be called upon to pay it.

FORGERY BANDS CAPTAINED BY MEN OF MEANS

THE forgery bands of long ago were captained by men of means who were more or less trained in the art of forgery, to say nothing of some scientific education which enabled them not only to furnish the necessary funds but to promote and properly engineer such enterprises. The most important personage of the band was the "go-between" or middleman; the leader or captain never permitted himself to come into contact with or to have his name known to the individual members. All orders were disseminated through and by the "go-between." He it was or one of his appointees who purchased genuine paper which was used as models for the proposed forgeries. He secured the services of crooked engravers or lithographers to make exact reproductions of the genuine forms which were to be filled in. He also procured the help of expert penmen or perhaps he was one himself, to forge the signatures and the kind of writing to be found in the genuine instrument. This work being completed; another individual known as the "presenter" was now called upon to "lay down" the forged check, which he most times accomplished by devious methods. Of course, the band members were to receive compensation and according to the amounts of the money realized. A scale of percentages was in

DAVID N. CARVALHO

Mr. Carvalho, who is an expert in hand writings and inks, was born in Philadelphia, September 29, 1848. He graduated at New York Free Academy, now New York College, and made special studies in organic chemistry, photography, light and color. He has been a handwriting expert since 1872. In 1880 he separated white light into complementary parts in order to absorb the actinic rays on the sensitive plate, and patented this photographic process (the present ortho-chromatic processes are based on this principle). He was official grand jury handwriting expert New York, 1881-1909, and was the first to make photographs on celluloid, and (1883) to restore in open court fraudulently bleached out handwriting (1884). As city librarian in charge of archives, 1885, he was enabled to study ancient writing and ink. Mr. Carvalho has testified in famous cases where handwriting was in dispute from the Atlantic to the Pacific, covering a period of over thirty-seven years, and in over 1,300 cases. He was president of the New York State Reformatory for Women, 1892-9, is a member of the New York State Historical Association and of the Royal Society of Arts of Great Britain. Mr. Carvalho is the author of "Forty Centuries of Ink," and also an extensive contributor to magazines and collector of ancient manuscripts. His home is in New York.

vogue for sharing with the different members. For instance, if the "presenter" secured the payment of a $500 check his share was twenty per cent., rising in a steady ratio as money obtained increased in volume. Ofttimes it ran up to as much as forty per cent.; the balance was divided in some proportionate manner among the other members of the band, the captain always reserving to himself from twenty-five to forty per cent. Sometimes the "presenter" was nipped. Then it was that according to the unwritten law of the band counsel was furnished to defend him when brought up for trial in the criminal courts. As he had never come into contact with the captain and knew none of the other members of the band except the "middleman," who most times wore a disguise and passed under a nom-de-plume, he either pleaded guilty and took his medicine, or was discharged because he told a plausible and lying tale of how he came into possession of the check he was trying to cash. Perchance, if tried and convicted, or pleading guilty and sent to prison, his family, if he possessed one, was looked after by the captain during his absence.

In the very nature of things these professional bands of forgers were compelled as it were to operate on the *outside*. On rare and exceptional occasions, however, when they were striking for very large amounts, sometimes in the hundreds of thousands, they sought to and were able to seduce some bank employee and for a liberal consideration obtain from him check vouchers of millionaires or large business corporations. After preparing the forged instrument, they would offer it for certification and have it subsequently deposited in some home or out-of-town bank for collection, the forgery not being discovered until the end of the month, when the bank dealer received back his monthly vouchers and then learned of the depletion of his bank account. Again, perhaps among the stolen vouchers was one which had also been certified. Then these criminals would forge the certification also and follow out the same plan of depositing it in a selected bank for collection. There were other and more diversified schemes than those I have particularized, some of them were so wonderful in their conceptions and ramifications as to compel admiration for the positive genius of the master minds of those who conceived them. Per contra there were other successful schemes so cheap and crude in their conception and accomplishment as to cause amazement to the general public as well as the associates of the bank officer or officers who had been so easily tricked.

SOME FAMOUS FORGERIES

I KNOW of no better way to enable those who may wish to insure against like forgery raids, than to detail a few of the more interesting and astounding ones which were perpetrated beginning in the early seventies and which came under my personal observation. In some of them my services were utilized in assisting to put the criminals behind the bars.

It may not be known to all of the banking fraternity, but in the olden days on the Continent of Europe and to a lesser extent in other financial centers, it was quite customary after a bill of exchange had been accepted and presented at the acceptor's bank for payment over the counter, to communicate with the acceptor and have his signature initialed before paying the same. Likewise, when a large note was offered for discount and the bank was unfamiliar with the signatures on it, the persons whose names appeared thereon were also communicated with for a like purpose. There are still a few of the more conservative institutions which continue this most excellent practice, but generally speaking banking affairs of such character, especially in this country, are conducted with such a rush and expedition as to make it almost a matter of impossibility to go so slowly, hence occasionally something happens, as illustrated in the following anecdote:

In the palmy days of the old Astor

House of New York, in a room adjoining the rotunda, and where patrons could sit at table to lunch, not infrequently two bank presidents and myself would meet together. As may be imagined, the subject of forgery was often discussed, and upon one of these occasions I said: "It is a safe statement to make that in the vaults of many banks of this city is forged paper of some kind, believed to be genuine." "You do not include my bank," said President A. "Nor mine," said President B. "Why should your particular banks be excepted?" I remarked. "Because," said President A, "our bank discounts no paper that we do not know either the maker or the endorser." "That," I said, "is my main reason for making the broad statement I do. You gentlemen cannot, as the law implies, discount paper without collateral unless it has two or more names on it. When your dealer offers his own note, do you verify the name of the endorser? Or, again, when this same dealer tenders some one else's note which he has endorsed, do you verify the name of that maker? Of course you don't. You lend the bank's money, because of confidence in your depositor or for the reason that he carries a satisfactory balance. It is the dealer's personality after all which is the governing consideration in your minds." "All the same," said President A., "I would be willing to gamble that there is no forged paper in my bank." "Ditto," said President B.

About ten days later President A. sent for me and said, "Carvalho, I think you are a hoodoo. What have you got to say about that?" Whereupon he showed me a note for $14,000, and with the added statement that the endorser repudiated his signature—"and I want you to let me know whether he is telling the truth." After a little time I informed the president of this big Broadway bank that the name endorsed on the note was a forgery.

The story of the affair, as subsequently detailed, was that the maker, a reputable and responsible business man, who kept a fair balance in the bank, wished to borrow $20,000, and approached the president, who informed him that he could be accommodated if he would make a note, properly endorsed. The maker, who never stopped to think that an endorsement by one of his own employees would have answered the purpose, and not wishing to ask favors or have it known among his business associates that he needed such an amount, picked up a letter received that morning from a well-known person in the same trade and proceeded to copy his name on the back of the note; which was later presented to the president and duly credited to his account. When the note became due, he paid off $6,000 and issued a new one for the balance, with the same name endorsed on it. Two days before this note became due, the maker was injured on a train coming from New Orleans, and so when the $14,000 note was not paid, the endorser was communicated with, and, "the fat was in the fire." This is a concrete case where a forgery was committed without any intent to defraud, and while not a common occurrence, I have a record of several more of the same kind.

THE BANK OF ENGLAND FORGERIES

IN 1873 a most gigantic fraud, unprecedented up to that time, was perpetrated on the Bank of England and several lesser institutions in the cities of London, Birmingham, Amsterdam, Holland and elsewhere on the Continent. The series of forgeries then committed were so startling in character that it might be well to detail at some length and as a sort of object lesson, the *modus operandi* of the particular band of forgers who handled that enterprise. Differentiating from the class of bands which I have heretofore discussed, in this one (American, by the way) were members acquainted with each other who had been more or less allied in other undertakings; so that they may be said to have been trained to the minute, and had it not been for a piece of sheer forgetfulness in failing to date two "acceptances," would have completely suc-

ceeded and gotten away with the whole of their booty.

The first public announcement of the discovery of the forgeries appeared in the London newspapers, and I quote in full from one of them:

"An amazing fraud has been perpetrated upon the Bank of England by a young American who gave the name of Frederick Albert Warren. The loss of the bank is reported to be from three to ten millions, and it is rumored that many other banks have been victimized to enormous amounts. The greatest excitement prevails, and the forgery, for such it is, is the one topic of conversation on the Exchange and in the Street. The police are completely at fault, although a young man named Noyes, who was Warren's clerk, has been arrested, but it is believed that he is a dupe.

"The bank has offered a reward of £5,000 for information leading to the arrest of Warren or any confederate."

As the scheme or plot gradually unfolded, it was found to have been conceived by the combined minds of two brothers, Austin and George Bidwell, who were descended from an old family that settled in Hartford, Conn., in the early seventeenth century, and one George McDonald, a Boston boy, and a graduate of Harvard College. It involved in its ramifications banking institutions all over the financial world. By a process of check and draft kiting and the manufacture of false bills of exchange, bills of lading, etc., the major fund for the purpose of operating against the Bank of England was gathered together until the time was ripe to strike. As the hour drew near, it was found all important to secure the services of assistants to act as dummies, so that as far as possible the forgers might keep in the background, and when they were finished and were ready to depart with their ill-gotten gains, they would remain unknown and thus escape capture and deserved punishment. One of the two other men who were brought into the plot was Edwin Noyes, also an American.

The "Frederick Albert Warren" who is named in the newspaper announcement was the name given by Austin Bidwell in 1872 when he opened an account at the western branch of the Bank of England, the amount deposited being £1,200, which was added to from time to time, and subsequently reduced, leaving a small balance of only £39, and it so remained until the plot was fully developed. At the end of that year Austin Bidwell also opened an account at the Continental Bank in the name of C. J. Horton, depositing £1,300 in bank notes. Then followed the kiting of checks upon the two banks—Warren to Horton and Horton to Warren—and which continued until early in 1873. Thus was the Bank of England balance of £39 utilized as the nest egg to hatch out nearly two hundred thousand pounds sterling.

McDonald, who had been sent a bill of exchange from Amsterdam on the Barings went to colect the money. Instead of paying the amount by check, or in gold or notes, the cashier stamped on the face, "Payable at the London-Westminster Bank," and endorsed it. Upon taking it there, it was cashed without a question. Then it occurured to him that if they could get hold of some blank bills of exchange, they could make as many as they liked by imitating an original, and draw the money with the same ease as they did for a genuine bill. McDonald, it appears, after George Bidwell, who had been operating in Amsterdam, returned to London, told him of what he characterized as his "great discovery"—so they reasoned it out that as one bank had paid the Barings' bill to McDonald without verifying the signature, it must be the custom in England to transfer bills of exchange from hand to hand without sending them to the acceptors to be initialed. If this was true, it followed that the banks discounted paper without making any inquiry as to the genuineness of the signatures, relying entirely on the character of the customer who offered the paper for discount. This reasoning, as it later appeared, was sound and based on so logical a deduction, the raid was started against the Bank of England. Genuine drafts were purchased in Amsterdam, Hamburg and Rotterdam, not

only drawn on the Barings, but on the Rothschilds, Blydenstiens and other well known London banking houses. These bills were copied except as to a change of dates and amounts, and then were added forged acceptances of the various banking concerns on which they purported to be drawn. They manufactured them by the dozens. The Bank of England honored the forged Rothschild and Blydenstien acceptances without a murmur and credited their amounts less the discount to the Warren account. In a little over half a month the credits placed to that account amounted to £92,886, or nearly a half million dollars in our money, being the equivalent of about $30,000 for each working day. Later there were days when they "earned" as much as $50,000 per day. It is to be remembered that none of the forged bills of exchange were sight bills, for that would not have permitted these "artists" any leeway. They were mostly drawn at ninety days, so they had more than two months to operate if perchance none of the cogs in their big wheels slipped—and as a matter of fact there was no slipping. The money in the Warren account was withdrawn day by day, most of it being transferred to the Horton account in the Continental Bank. Part of it was employed to purchase United States bonds from Jay Cook, McCullough & Co., and which were shipped to New York. Good drafts were purchased on various financial centers where they could be taken care of until required. Much gold was drawn out of the bank, the quantity being so great as to be burdensome in handling. The Warren account in the Bank of England and the Horton account in the Continental Bank were reduced to about £1,000 each, and then it was that these scoundrels came to the conclusion that perhaps "enough is as good as a feast," and so a halt was called and the day of their departure set—Austin Bidwell having skipped two weeks previously. Then began the destruction by fire of incriminating evidence. One of them in the act of burning up some of the blank bills of exchange said "what a shame it is to waste them!" So it was decided to have one more try at their willing victim (the Bank of England), and so they posted from Birmingham to the bank about £21,000 in false bills. It appears when these last lot of bills arrived from Birmingham they were handed by the manager, as usual, to a clerk whose duty it was to look over and enter them in the books. In running them over he threw out two on which the date of the acceptance had not been placed. Supposing this to have been an oversight of the acceptors, no notice was taken of the irregularity beyond laying the bills aside so that the supposed neglect might be rectified. Accordingly the next morning these two bills were sent to B. W. Blydenstien (the supposed acceptor), and were at once declared to be forgeries. Then began a hue and cry, which was heard in every part of the world. Noyes, who was already under arrest as the supposed clerk of "Warren," who (Austin Bidwell) had gone to Cuba. It did not take very long by getting out of the vaults the forged paper not yet due, and by communicating with their supposed drawers and acceptors to gather together the information and evidence which subsequently resulted in the capture of McDonald, Austin and George Bidwell. The specific charge against the four men, who were tried together, was the forging and uttering of a bill of exchange for £1,000 purporting to be drawn by H. S. Streeter of Valparaiso, and accepted by the London and Westminster Bank, with the intent to defraud the governor and company of the Bank of England. The other counts in the indictment, ninety-four in number, were permitted to be also proved by the court at the trial, which lasted many days. At the end of the case of the prosecution the four prisoners declined a defense, and the jury found them all guilty. They were each of them sentenced to prison at hard labor for life. George and Austin Bidwell, after being incarcerated for fifteen years, because of the kindly efforts of James G. Blaine, our then Secretary of State, and other political dignitaries, in their behalf, were permitted to go free on tickets of leave.

As the so-called "Bank of England" forgeries were committed in London, and as the banking district of that city centered in the neighborhood of said bank, it is a fair presumption to assume that the forgeries would have been discovered earlier if, as in the present decade, those institutions had been supplied with modern telephones (1873 was long before the invention of the telephone). Nevertheless, the whole story of these forgeries calls attention to the very loose and careless methods of banking then in vogue.

One would have thought that the conviction of these men would have acted as a deterrent for others in the same line of business, but it did not; it simply made them more careful in covering their tracks. Within a year there was hardly a transatlantic steamer leaving New York that did not have as a passenger some one carrying forged bills of exchange or drafts on London, Paris, Berlin, Holland and other places where banking was conducted. The brightest of these bands had for its captain one George Engles, otherwise known as "The Terror of Wall Street," and whose associates were Wilkes, Hamilton, Burns and Sheridan. They kept out of the hands of the police until about 1880, when they went to Italy, and all of them were arrested. Engles escaped and was captured in France, but for want of proof, the extradition case against him failed, and he was discharged. In 1884 he made up another party, which he accompanied to England and obtained money on drafts forged by him, principally on Seligman & Co. of London. He died after a year's illness in 1886. By 1890, except in isolated cases, abroad forgery as a business in the banking world and as engineered by Americans, had practically ceased and the grand coups remained as memories of the past.

It must not be thought that because the American bands who had been in the habit of operating abroad had been more or less dispersed (some of them convicted and serving time; others turning their attention to more legitimate avocations) that forgery as a business at home had been seriously disturbed or lessened in the abodes of finance.*

Handling the Collateral for Large Foreign Loans

THE extraordinary amount of clerical labor connected with the handling of the securities deposited as collateral for a large government loan is understood by few persons outside of the trust company which has it in charge.

When the $360,000,000 collateral for the new three and five-year British gold notes arrived in New York, the securities had to be counted and checked within a limited time, so that the delivery to investors of the definitive notes might not be delayed. These securities came almost entirely from individuals, who turned them over as a loan to the British Treasury. Each of these thousands of precious documents bears an identification number indicating the name of its former owner. Before these securities could be filed away in the vaults of the Guaranty Trust Company of New York—the trustee under the pledge of this British loan—each had to be so marked, tagged and indexed that it could be found in two minutes.

The persons who loaned this $360,000,000 worth of securities continue to

*Mr. Carvalho's article will be continued in the February number.

receive from the British Treasury the interest and dividends that accrue. While theoretically these stocks and bonds are all pledged to the British Government, in actual practice the trust company has to open a separate account with each "lodgment" number under each class of securities. For instance, if there are 1,000 shares of a railway stock, one entry is not sufficient; as many entries must be made as there are tagged lots of stock, a lot consisting in some cases of only one bond, and in some cases of 500, and running from a certificate of stock for one share, to many certificates of a large denomination.

It is not necessary to go into the details of how these securities were "rounded up" by the British authorities, though there is no more interesting passage in the history of England's conduct of war finance. Suffice to say that in due time the collateral was delivered to the British Government's fiscal agents, J. P. Morgan & Co., and to their depositaries in this city.

FIFTY MILLION DOLLARS IN ONE LOAD

THE duties of the Guaranty Trust Company, as trustee, began when the truck loads of securities, protected by a small army of policemen, began to arrive at 140 Broadway. Some of the trucks carried through the downtown streets in one trip $50,000,000 worth of securities. There were in all 175 large metal cases, each full of bonds and stock certificates.

This great mass of British-owned securities had to be classified, recorded, and filed; to accomplish this as speedily as possible a force of expert clerks worked night and day for almost a week. When the collateral was delivered at the Guaranty's upper vault level it was turned over to a force of picked men chosen from various departments in the institution. These men sat around a large table, and as the sealed cases were opened, each security was examined to see that it was in negotiable form and that the proper coupons were attached.

The securities were then sorted alphabetically and a record made out for each lodgment, the sheet bearing the lodgment number, a description of the stock or bond, notation of its interest date, the group to which the security was allotted, and its classification as temporary or permanent collateral.

The work of the first group of clerks handling the collateral was checked by other experts. Then the securities were taken to a lower level, where the vault officers checked them a third time. The filing away of the thousands and thousands of stocks and bonds was then begun. This had to be so managed that if at any time during the term of the loan it may be necessary to have access to a particular bond or stock certificate, it can be procured instantly.

Keeping every part of the collateral absolutely accessible is one of the most important duties of the "pledge"; in fact, it is second only to keeping the whole $360,000,000 of collateral safe. For the vast aggregation of stocks and bonds is never at rest for a moment. Temporary collateral is being exchanged for permanent collateral; substitutions of permanent collateral are made from time to time; bonds and stocks are withdrawn for sale; coupons must be cut, and called bonds searched for. The details of this exacting business were explained by an officer of the Guaranty Trust Company as follows:

"The 'pledgee' must be prepared to perform its services (in connection with the collateral) literally at almost any moment. These duties are: clipping coupons, keeping a separate account for each of the thousands of bonds or stockholders or nominees, crediting or disbursing proceeds as the individual case may demand, furnishing the necessary statements for the United States income tax certificates, delivering called bonds, substituting collateral, etc.

NOMINAL STOCKHOLDERS

"ALL the American stocks deposited here have been transferred into the names of 'nominees,' or nominal holders. Interest will be collected by them and turned over to J. P. Morgan & Co. When current coupons are on the bands held by the Guaranty Trust Company, it is our duty to clip them and turn them over to the fiscal agents. The proceeds of the coupons must be disbursed in different ways. Certain of the bonds belong to the British Treasury and the proceeds must be credited to it. The proceeds of British coupons coming under the two and five-year schemes (Schemes A and B) are to be paid by the Government to its subjects who lend the certificates. Therefore, when we cut the coupons and turn them over to the fiscal agents, we have to give them a statement of how many coupons are held for account of the British Treasury and how many for British subjects under Schemes 'A' and 'B.' When it comes to the handling of stocks, we do not collect the dividends. The British Government has securities deposited with other trust companies in New York as pledges under two earlier collateral loans, and in some cases the nominees in whose names these certificates stand have certificates in their names which are deposited under the three collateral loans now existing. Therefore, when the books close upon any stock we have to certify to the amount of stock which we have, the nominees in whose names the certificates are issued, and how much stock stands in the name of each nominee for the account of the British Treasury and how much respectively under Schemes 'A' and 'B.' Given this information, the fiscal agents are in a position to collect dividends from the nominee, and, when dividends are collected, to credit the amounts received. If these securities all belonged to the British Government, we should have simply one lot of stock for its account, or one class of bonds; but inasmuch as we have to know, each time a dividend is declared, how much stock is held under each lodgment number, we have had to open a separate account for each number.

AN INFINITE NUMBER OF ACCOUNTS

"AS far as this collateral is concerned, we are handling for the British Government a great safekeeping account, which in turn involves thousands of separate accounts for individuals.

"Not only must we clip coupons, collect on them and turn over the proceeds to the fiscal agents, and give required information as to dividends, but we must also furnish a list of the registered bonds, a statement as to the name in which each stands, and under which 'scheme' it is held, in order that the certificates may be made out which are required by the United States income tax law.

WHEN BONDS ARE CALLED

"ANOTHER complication arises in the case of bonds called for payment. If all the bonds were held for one account it would be possible to sort them in numerical sequence and then, when a list of called bonds is published, merely go to the securities themselves and see whether we had bonds of the numbers called. However, as it is necessary to keep the bonds in each 'lodgment' separate, there can be no sorting in numerical sequence. So, when a large call of bonds occurs, as in the case of the United States Steel Company sinking fund fives, it is necessary for us to consult a card index prepared for the purpose. In this index there is a card for each bond, bearing both the bond number and the lodgment number. The cards are arranged numerically so that reference is simple when it is necessary to determine if

bonds which have been called are in our possession."

PATRIOTISM AND PROFIT

THESE facts outline the infinite detail work required in handling any big national "outside" loan. The peculiar interest attaching to the management of the United Kingdom of Great Britain and Ireland loan grows out of the enormous sum represented by the collateral now packed away in the vaults of the Guaranty Trust Company. It depends also on the varied and high class character of that collateral and upon the character of the thousands of individual owners who have been moved, both by patriotism and profit, to come to the assistance of their Government in its time of need.

Points on Banking Practice

Questions on Banking Practice—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

CHECKING UP INTEREST PAID ON LOANS

EDITOR BANKERS MAGAZINE:

Could you inform me as to where I could get the following information:

In most small banks, as you know the interest from loans, etc., is kept in one account and in such a way that it is impossible to check up the interest which is paid in on the loan, that is to tell within a few dolars. Now, in large banks they must have a book of some sort so as to enable them to check up the interest to a dollar, otherwise they would lay themselves open to losing considerable money if a cashier or bookkeeper were dishonest.

If you have such a system in any of your publications or can secure the detailed information for me, I will appreciate it greatly.

E. C. R.

ANSWER—The only practical way by which a bank may safeguard itself against the withholding of part of the income by a dishonest employee is to have the interest and discounts proven independently of the first calculation, and to check the discounts into the discount account. In a small bank this would not be a difficult matter, but in large institutiuons where the interest rates are changed frequently as in reserve banks, it entails considerable labor. In some banks there are two men in the loan department who check one another's figures, and where there is an auditing department this department also proves the work.

The interest on demand loans and bond investments is easily checked. In small institutions it is entirely feasible to make a definite calculation of the earning power of the bank based on present investments. For instance:

If there were 100,000 discounts at five per cent.; 100,000 at six per cent.; 100,000 bonds at 4½ per cent., etc., and average balances of $50,000 with reserve agents at two per cent., the earning power could be estimated sufficiently close to prove a check, fluctuations from time to time being allowed for.

This of course would not check close enough to prevent abstractions of small amounts, the only practical way being the passing through two men, necessitating collusion to operate a fraud. No books are necessary for such computation, the O. K. by the checking officer on the discount sheets or tickets filed for reference being sufficient.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Trust Powers for National Banks

THE Federal Reserve Act authorizes the Federal Reserve Board to grant to national banks the power to act as trustee, executor, administrator, or registrar of stocks and bonds "when not in contravention of state or local laws." Acting under such authority, many national banks have asked for and received permission to act in such capacity, which in substance grants to them all the desirable attributes of trust companies without the rigid requirements imposed by state laws upon such corporations as seek to act in trust capacities.

Being jealous of their rights, state authorities and trust companies have asked the question, "By what right is this power granted?" and have taken issue with the proposition that Congress has power to grant to banks under state authority the right to transact a trust business.

The descent and distribution of real property is under state laws, and the duties and powers of trustees are carefully safeguarded by state statutes, and to grant such powers to national banks is to clothe a corporation over which no state control exists with powers that are peculiar to state-supervised institutions. It has been a long standing principle of law that national banks are governmental agencies domiciled in the state, and may sue and be sued in the state courts, but their powers, management and control are beyond state authority. In the case of People of the State of Illinois vs. Brady, in THE BANKERS MAGAZINE for June, 1916, in which a similar point was at issue, the Supreme Court of Illinois said: "Trustees, executors and administrators deal with private property. They are the instrumentalities through which estates are settled and transfer of property effected, and through which private property is protected and guarded for the purpose of applying it to the uses for which it was intended. They are not subjects over which the Federal Government has been given control, and any attempt to exercise control would be "in contravention of state or local law, which is forbidden by Section 11k of the Federal Reserve Act, and would also be in violation of the Constitution."

The Supreme Court of Michigan in the case of Fellows vs. First National Bank, in this issue, passed on the same question, and while it recognizes the fact that the Illinois case cannot be controlling, because the Illinois court is interpreting the laws of that state, holds that the same argument obtains. There seems to be no Michigan law specifically denying to national banks such powers, but the court holds that the legislation of Michigan relative to trust matters "would be wholly lost if national banks were permitted to exercise the functions enumerated under Section 11k of the Federal Reserve Act."

These two cases would seem to indicate the trend of the courts in this matter, both ruling against such practices on the part of national banks, and it is now problematical if trust powers would be enjoyed by national banks to any great extent.

A TRANSACTION IN JEWELRY

WETHER one is running a jewelry tore or a banking institution, it is a good policy to read what you sign, and sign only what you understand and

expect to abide by. It is quite certain that Lewis Kornhauser will follow the above advice from this time on, inasmuch as he has had a lawsuit on his hands for some little time involving this point. On February 6, 1907, the said Kornhauser was visited by a jewelry salesman and induced to sign a paper which he could not read, but which purported to be an order for jewelry which he was to sell on a commission basis. On February 23, another well-dressed stranger appeared at his jewelry store in Peekskill, N. Y., seemingly in a great hurry, and announced that the shipment of goods was at the express office and the jeweler must sign four yellow papers, which turned out to be accepted drafts. The goods arrived in due course, were displayed in the show cases and shortly lost their lustre, and were returned to the seller and suit begun on the "yellow papers." Because of the fraud that attended the transaction and the ignorance of the signer of these acceptances, the verdict in favor of the jeweler is sustained. Johnson County Savings Bank vs. Kornhauser, in this number.

Leading Cases

Trust Powers for National Banks

MICHIGAN

Corporations—Executors' and Administrators' Trusts—Federal Reserve Act.

Supreme Court of Michigan Sept. 26, 1916

FELLOWS, ATTY. GEN. EX REL. UNION TRUST CO. ET. AL. VS. FIRST NATIONAL BANK OF BAY CITY

National banks, being agencies of the federal government domesticated in the state, may sue and be sued in the courts of the state, but their powers, management and control are beyond state authority, except that a national bank may not lawfully possess certain powers in contravention of state law.

Where the Legislature has not declared that national banks shall not in Michigan have the right to act as trustee, executor, administrator, or registrar of stocks and bonds, no state law is contravened by National Bank Act June 3, 1864, c. 106, 13 Stat. 99, nor because a corporation exercises the indicated powers.

Federal Reserve Act Dec. 23, 1913, c. 6, section 11 (k), 38 Stat. 262 (U. S. Comp. St. 1913, section 9794 [k]), providing that the Federal Reserve Board may grant by special permit to national banks applying therefor, when not in contravention of state or local laws, the right to act as trustee, executor, administrator, or registrar of stocks and bonds, is a direct invasion of the sovereignty of the state which controls the devolution of estates of deceased persons, the conducting of private business within the state, the creation of corporations, and the duties of such as may engage in the business of acting as trustees, executors and administrators.

(159 N. W. Rep.)

INFORMATION in the nature of a proceeding quo warranto by Grant Fellows, Attorney General of the State of Michigan, on the relation of the Union Trust Company and others, against the First National Bank of Bay City to enjoin and exclude respondent from acting as trustee, executor, administrator, and registrar of stocks and bonds under the Federal Reserve Act. Writ granted.

OPINION OF THE COURT

BROOKE, J.: The Attorney General of the State, upon the relation of five trust companies, organized and doing business under the laws of the state, by permission granted, filed in this court an information in the nature of a proceeding quo warranto against the First National Bank of Bay City, by means of which relators question the right of the respondent to act as trustee, executor, administrator and registrar of stocks and bonds under such rules and regulations as the Federal Reserve Board may prescribe; it being claimed that the exercise by respondent

of said franchises and privileges is in contempt of the people of the State of Michigan and to their great damage and prejudice.

To the information so filed respondent interposed a plea setting out that it is a duly organized and chartered banking association incorporated under the National Bank Act approved June 3, 1864, and the amendments thereto. Further answering, respondent says that under and by virtue of an act of Congress commonly known as the Federal Reserve Act, approved December 23, 1913, entitled "An act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," it filed its application to become a member bank, and thereafter subscribed for and paid for its proportion of stock in the Federal reserve bank, whereupon it then became and now is a member bank of said Federal reserve bank, district 7; further, that thereafter, on the 13th day of April, 1915, on application made therefor, the said Federal Reserve Board granted to said respondent the right to act as trustee, executor, administrator, and registrar of stocks and bonds, and that by virtue of such permit respondent is now acting as trustee for bondholders and is named as mortgagee and trustee in a certain real estate mortgage given to secure to said bondholders the payment of the bonds mentioned in said mortgage and interest thereon; further, that respondent is advised that such grant and permit are not in contravention of any state or local law in Michigan, and that there is no public grievance to be remedied by this proceeding, but that the writ is prosecuted solely for the private benefit of the relators and other trust companies that may be hereafter organized in the state.

To this plea the Attorney General demurred upon the following grounds:

"(1) Because Section 11k of the Federal Reserve Act, in pursuance of which the Federal Reserve Board has attempted to confer upon the respondent the right to act as trustee, executor, administrator and registrar of stocks and bonds, under such rules and regulations as said board may prescribe, is unconstitutional and void in that Congress is not authorized by the Constitution of the United States to confer upon national banks the corporate powers specified in said section.

"(2) Because, even if Congress itself possessed the authority to confer upon national banks the corporate powers specified in said section 11 (k), it cannot lawfully delegate such authority to the Federal Reserve Board.

"(3) Because the granting of the corporate powers specified in said section 11 (k) by the Federal Reserve Board to the respondent is in contravention of the laws and policy of this state."

The question presented arises under section 11 of the so-called Federal Reserve Act, which, among other things, provides:

"The Federal Reserve Board shall be authorized and empowered: * * *

"(k) to grant by special permit to national banks applying therefor, when not in contravention of state or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe." U. S. Comp. St. 1913, section 9794 (k).

The first proposition raised by counsel for respondent is that the courts of this state are without jurisdiction to oust a corporation organized under the laws of the United States, or to enjoin such corporation from enjoying any or all of its franchises within the borders of the state. Although the question is not raised by the pleadings, we think it should be determined adversely to the contention of counsel for the Federal Reserve Board, who, by leave of the court, were permitted to file a brief and make an argument in the case. No one would contend that final determination as to the validity of an act of Congress does not rest with the federal Supreme Court, but it is, we think, equally clear that any state may by quo warranto inquire by what authority any corporation exercises corporate rights

within its borders. In the case of Attorney General vs. A. Booth & Co., 143 Mich. 89, 106 N. W. 868, this court said:

"But the proceedings in the nature of quo warranto are appropriate to try the right of a domestic corporation to act as such, and there would seem to be a close analogy between such a case and one where the proceeding is resorted to for the purpose of inquiry into the right of a foreign corporation to do business in another state than that of its organization, as it would be in the home state if the object was to inquire into a right to exercise franchises in excess of those granted"—citing cases.

See, also, Mason vs. Perkins, 73 Mich. 303, 41 N. W. 426; People vs. Pres., etc., of Manhattan Co., 9 Wend. (N. Y.) 351; and cases cited in note 1, p. 1426, of 32 Cyc.

The legality of the incorporation of the respondent is not questioned by the proceeding. The inquiry is instituted for the purpose of ascertaining whether its assumption of a franchise to do business of a certain character is with or without legal warrant; that business being apparently not incidental to banking, and peculiarly under the control of state laws. Counsel for relators present the question under three heads as follows:

"(1) Congress is not authorized by the Constitution to confer upon national banks the corporate powers specified in section 11 (k).

"(2) Section 11 (k) is void because Congress cannot delegate to the Federal Reserve Board the authority attempted to be conferred by this section.

"(3) The granting of authority to the respondent to act as trustee, executor, administrator, and registrar of stocks and bonds is in contravention of the laws and policy of this state."

In view of our conclusions hereinafter stated with reference to the third point raised we find it unnecessary to give any consideration to points numbered 1 and 2. An extended discussion of these questions will be found in the recent case of People of the State of Illinois vs. Brady, 271 Ill. 100, 110 N. E. 864.

Assuming, then, for the purposes of this case, that Congress might constitutionally enact the legislation in question, it will be noted that under subsection (k) of section 11, the Federal Reserve Board is authorized to grant permission to national banks to act as trustees, etc., only when the exercise of such franchises by them is "not in contravention of state or local law."

It is vigorously asserted on behalf of relators that such authorization to the national banks of this state is in contravention of state law.

On the other hand, counsel for respondent state their position upon this point as follows:

"(a) There is nothing in the state law specifically prohibiting any person or corporation from acting as trustee, executor, registrar, etc.

"(b) In the absence of specific prohibition, the powers of a natural person to act in these capacities are unlimited, and the powers of a corporation are limited merely by the statute under which it is organized.

"(c) If national banks were organized under state laws, it might be argued that an express prohibition was not required, but that the mere absence of a state enabling act would be sufficient to limit their powers.

"(d) Inasmuch as national banks are organized under the acts of Congress, no state enabling act is necessary to enable them to carry on a trust company business any more than to enable them to carry on a banking business. Their authority is found in section 11 (k), and if this section is constitutional, its operation can be suspended only by a prohibitory statute of the state, and not merely by the lack of an enabling state statute.

"(e) The authority given by section 11 (k) does not compel the appointment of national banks as fiduciaries in any case, but merely permits such appointment. The probate court or other appointing authority still has full freedom of choice. A mere enlargement of such

field of choice contravenes no law of the state.

"(f) All references to state 'policy' are beside the point. The state Legislature has had at least one regular session since the passage of the Federal Reserve Act, and has not seen fit to prohibit national banks from qualifying as fiduciaries under section 11 (k). Its omission to do so is more significant than the claimed existence of a state policy, which is, at best, doubtful, vague, and indefinite. The courts should require the state to express itself positively and definitely on a question of such importance.

Whether the subjects mentioned in section 11 (k) are subjects over which the state has exclusive jurisdiction, or whether they or some of them may properly be subject to federal legislation, it is not necessary to determine. As to estates of decedents, however, see Dickinson vs. Seaver, 44 Mich. 624; Lafferty vs. People's State Bank, 76 Mich. 35; American Missionary Ass'n vs. Hall, 138 Mich. 247.

The real point in issue in this proceeding is whether the exercise by national banks of the powers of trustees, executors, administrators, etc., is in contravention of local law.

An examination of our statutes clearly shows that the state has legislated very fully with reference to each of the subjects mentioned in section 11 (k). Chapter 285, Howell's Statutes (2d Ed.), is devoted to the subjects of trusts, and therein provision is made for their definition, regulation, and administration. Chapters 290 to 301, Howell's Statutes (2d Ed.), are devoted to laws relative to the settlement of estates of deceased persons. The administration of testate estates is by the law of this state committed to the person named as executor therein, if he is legally competent. 4 H. S. section 11026. In the case of intestate estates "to one or more of the persons hereinafter mentioned." 4 H. S. section 11040.

While the word "person" is not defined in the statutes cited, to read them is to be convinced that the term was used in a restricted sense, and was meant to apply to natural persons only and not to corporations. In reaching this conclusion we are not unmindful of the rule of construction (1 H. S. [2d Ed.] section 2, subsec. 12) which provides:

"The word 'person' may extend and be applied to bodies politic and corporate, as well as to individuals."

Our determination as to the meaning of the word "person" as employed in these statutes is in harmony with the decision in Grunow vs. Simonitsch, 21 N. D. 277, 130 N. W. 835, where, in construing a similar statute, the court said:

"It is perfectly apparent to our minds that until the enactment of section 4682 the Legislature had in the most explicit manner expressed its intention to restrict such appointments to natural persons. By the enactment of section 4682 it is equally apparent that the only change which the Legislature intended to make in the existing statute was to permit domestic annuity, safe deposit, and trust companies to receive such appointments."

See, also, In re Avery's Estate, 45 Misc. Rep. 529, 92 N. Y. Supp. 974.

In the year 1889 the law relative to the administration of estates of decedents, and the execution of trusts was changed by enactment. 3 H. S. (2d Ed.) c. 104, sections 6476-6510. Except as authorized under said act, no corporation in Michigan is empowered to administer trusts or to act as executor or administrator. A corporation may exercise only those powers conferred upon it by its charter under the law of its organization. In authorizing certain corporations organized under the act in question to execute trusts and administer estates, the Legislature imposed very stringent conditions. It fixed a minimum capitalization, required the investment of a certain percentage of the capital in specified securities, and compelled the making of a fixed deposit with the state treasurer for the purpose of securing depositors and creditors; it fixed the number and qualifications of directors and imposed penalties for fraud and embezzlement; it regulated investments of the corporation, and provided for complete supervision by the

state banking department. Many of the regulations imposed could not be complied with by a national bank.

We cannot agree with the contention of counsel for respondent that relators must point to a specific prohibitory law —a law absolutely forbidding national banks to engage in the activities specified in section 11 (k). We believe that the Legislature, in the enactment of the so-called trust, deposit, and security statute, and clothing corporations organized thereunder with the powers therein defined, by unavoidable inference excluded all other corporations within the state from the exercise of those powers. Nor do we believe, as claimed by counsel for respondent, that the exercise of such powers by national banks is, at most, contrary only to the public policy of the state. Our legislation upon the subjects involved in section 11 (k) is so particular and so voluminous, and the legislative purpose so apparent, that we have no hesitation in reaching the conclusion that the exercise of the powers enumerated in section 11 (k) by nationad banks would be "in contravention of state law." While the decision in People of the State of Illinois vs. Brady, supra, on this point is to the same effect, it is, of course, not controlling, because the court of Illinois dealt with the statutes of that state, which differ materially from our own. The same may be said of the decision in Appeal of Woodbury (N. H.) 96 Atl. 299, which arose in the state of New Hampshire.

It is, we think, clear that in the enactment of the trust legislation adverted to the state sought to surround the execution of trusts and the administration of estates by corporations with certain safeguards which would be wholly lost if national banks within the state were permitted to exercise the functions enumerated under section 11 (k).

We are therefore of opinion that the prayer of the relators should be granted, and that the respondent be enjoined and excluded from acting as trustee, executor, administrator, and registrar of stocks and bonds. No costs will be allowed.

Ostrander, J. (concurring.) If at any time in this state only individuals could execute trusts, manage trust funds, and act as executors and administrators of estates of deceased persons, it was because there had been created no corporation with the proper powers. It was within the power of the Legislature to create, or provide for creating, such corporations, and, as the idea of corporate usefulness and efficiency became general, the Legislature did provide for creating corporations with the necessary powers. Having provided for the creation of such domestic corporations, foreign corporations, having proper powers, may, upon such reasonable conditions as the Legislature may prescribe, be admitted to do in this state what domestic corporations may do.

There is therefore no state policy opposed to corporate trustees, executors, or administrators. No corporation, and for that matter no individual, can in any event act in any of the capacities indicated except by appointment. And a corporation or an individual in such relations is governed by the laws of the state and the orders of state courts.

National banks are, and are not, foreign corporations. They are creatures of Congress, agencies of the federal government, domesticated in the state. They may sue, and be sued in the courts of the state, but the powers they shall possess, their management and control are beyond state authority, except that a bank like the respondent may not exercise certain powers—cannot lawfully possess them—in contravention of state law.

No state law is contravened—opposed, come into conflict with—because a corporation exercises the indicated powers, nor by the act of Congress creating national banks. The Legislature has not declared that national banks in this state shall not have the right "to act as trustee, executor, administrator, or registrar of stocks and bonds." U. S. Comp. St. 1913, section 9794 (k). And I do not find in Brother Brooke's opinion reference to any state law that will be contravened if respondent continues to act in the indicated capacities. To

say that because the Legislature has required certain things of a domestic corporation as a condition to the exercise of the right, and cannot require the same or similar things from national banks, therefore the exercise of the right by national banks will be in contravention of state law, seems to me to be an unsound argument. The bank is here with such structure as Congress has given it, and Congress has in terms declared that, among other functions, it may perform that of a trustee, etc., if anybody wants it to. The mere element of safety of a fund is a matter to be considered by those applying to the corporation to take charge of it, or by the court making an appointment. That one may regard the domestic corporation as the safer institution is not evidence that the other, if it acts, acts in contravention of state law. Certain safeguards surrounding the execution of trusts, etc., by domestic corporations are lost when individuals are appointed to execute them. The individual does not therefore act in contravention of state law.

Mr. Justice Brooke does not point out in what way, if respondent acts within its apparent powers, the operation of any state law governing trusts, or the settlement of estates, will be interfered with. I am not content to rest so important a decision upon a doubtful inference. We must come, I think, to the question: Has respondent the power which the court is informed it is exercising? The question is a delicate one, less so, I think, because of the decisions of the federal court. The power of Congress to create national banks is sustained upon the theory that:

A bank, to the government, "is a convenient, a useful, and essential instrument in the prosecution of its fiscal operations." McCulloch vs. State of Maryland, 4 Wheat. 316, 4 L. Ed. 579.

"The bank is not considered as a private corporation, whose principal object is individual trade and individual profit, but as a public corporation, created for public and national purposes. That the mere business of banking is, in its own nature, a private business, and may be carried on by individuals or companies having no political connection with the government, is admitted; but the bank is not such an individual or company. It was not created for its own sake, or for private purposes. It has never been supposed that Congress could create such a corporation. * * * Why is it that Congress can incorporate or create a bank? This question was answered in case of McCulloch vs. State of Maryland. It is an instrument which is 'necessary and proper' for carrying on the fiscal operations of government. Can this instrument, on any rational calculation, effect its object, unless it be endowed with that faculty of lending and dealing in money which is conferred by its charter? If it can, if it be as competent to the purposes of government without as with this faculty, there will be much difficulty in sustaining that essential part of the charter. If it cannot, then this faculty is necessary to the legitimate operations of government, and was constitutionally and rightfully ingrafted on the institution. * * * The operations of the bank are believed not only to yield the compensation for its services to the government, but to be essential to the performance of those services. Those operations give its value to the currency in which all the transactions of the government are conducted. They are therefore inseparably connected with those transactions. They enable the bank to render those services to the nation for which it was created, and are therefore of the very essence of its character, as national instruments. The business of the bank constitutes its capacity to perform its functions as a machine for the money transactions of the government. Its corporate character is merely an incident, which enables it to transact that business more beneficially." Osborne vs. Bank of the United States, 9 Wheat. 738, 6 L. Ed. 204.

See, also, Farmers' & Mechanics' Nat. Bank vs. Dearing, 91 U. S. 29, 23 L. Ed. 196.

Undoubtedly all presumptions are in favor of the constitutionality of the act in question here, and Congress is the

judge, within the exercise of its powers, of the functions a national bank should nerform. But in the reasoning of the judges, in the opinions to which I have referred, I find, I think, a conclusive argument supporting the proposition that Congress has exceeded its constitutional powers in granting to banks the right to act as trustees, executors, and administrators. If for mere profit it can clothe this agency with the powers enumerated, it can give it the rights of a trading corporation, or a transportation company, or both. There is, as Judge Marshall points out, a natural connection between the business of banking and the carrying on of federal fiscal operations. There is none apparently between such operations and the business of settling estates or acting as a trustee of bondholders. This being so, there is in the legislation a direct invasion of the sovereignty of the state which controls not only the devolution of estates of deceased persons and the conducting of private business within the state, but as well the creation of corporations and the qualifications and duties of such as may engage in the business of acting as trustees, executors and administrators. Such an invasion I think the court may declare and may prevent by its order operating upon the offending agency.

I concur, therefore, in the conclusion arrived at by Mr. Justice Brooks.

(159 N. W. Rep. 335.)

Fraud

New York

Acceptances—Evidence

Supreme Court, Appellate Division, Second Department, Oct. 6, 1916

JOHNSON COUNTY SAVINGS BANK VS. KORNHAUSER

Evidence *held* to sustain finding that defendant was induced to sign acceptances sued on by active fraud and deceit, and to sustain verdict for defendant therefor.

ACTION by the Johnson County Savings Bank against Lewis Kornhauser. From judgment for defendant and order denying motion for new trial, plaintiff apeals. Affirmed.

STATEMENT OF FACT

ON February 7, 1914, this action was begun against defendant on an acceptance of a draft which had been drawn by the United Jewelers Manufacturing Company of Iowa City, Iowa, and accepted by him on February 23, 1907, payable in twelve months. Defendant kept a small shop in the village of Peekskill, and could read but little English. On February 6, 1907, a salesman from this jewelry concern visited defendant's store, and invited him to engage in the sale of this jewelry on the basis of a twenty per cent. commission, besides receiving the benefit of certain local advertising at the expense of this jewelry company. Finally he produced a long, closely printed contract (which defendant could not read), being in form an order for jewelry to be shipped to him at Peekskill to the amount of $756, to be paid one-fourth each three months. The instrument contained a guaranty that the gross profits should be not less than fifty per cent. of the amount of this order, each year, for a period of two years from the date of invoice. The soliciting agent assured defendant that if he did not succeed in selling, defendant would not lose, as at the end of the year the jewelry company would pay him storage upon the goods unsold. Defendant signed this paper after hearing it read.

On February 23, a tall, well-dressed stranger came to defendant's store, seemingly in a great hurry He announced that defendant's shipment was at the local express office, but before its delivery defendant must first sign the four yellow papers which he produced, being four drafts, each for $189, payable in three, six, nine and twelve months. The last is the one here in suit.

It does not clearly appear whether the word "accepted" had then been written, but defendant's signature on the back is admitted to be genuine. The stranger repeated that the goods were sent on commission, that these papers were merely to be held as collateral security and that at the end of every quarter defendant was to remit the proceeds of whatever he had then sold, less twenty per cent. commissions, whereupon the draft then falling due should be returned to him. On that same day, defendant received a box about eighteen inches square from the express company. When, the following day, the glittering articles were exposed in the show cases, they soon lost their lustre. After trying to wipe off one that appeared tarnished, defendant discovered their true character, and at once put them back, and on that day returned by express the entire lot to the United Jewelers Manufacturing Company. About the middle of May, defendant received from the Johnson County Savings Bank, also an institution of Iowa City, a letter, in which that bank claimed to be the holder of the draft then maturing, with demand for remittance payable at Iowa City. Through his attorney, defendant wrote back repudiating any liability. Later came notice of protest, and like demands and protests on the three succeeding drafts followed, including the one for twelve months here in suit.

It appeared that suits had been instituted on the three drafts which came due in 1907, but that after having been at issue, the complaints were finally dismissed.

Plaintiff's proofs from Iowa City were taken by commission under section 888 of the Code of Civil Procedure. It was deposed that the draft in suit had been transferred on March 19, 1907, to plaintiff for its face value, less a discount of seven per cent. The assistant manager of the jewelry company deposed in denial of having communicated any information to the bank as to the consideration of this draft. The president of the plaintiff bank denied knowledge from any source as to the original transaction with defendant or as to the consideration for this acceptance.

The issues, including plaintiff's disclaimer of knowledge or information and as to plaintiff's bona fides, were submitted to the jury, who gave a verdict for defendant, which the learned county judge declined to set aside. This appeal is from the judgment and the order denying new trial.

OPINION OF THE COURT

PER CURIAM. From all the circumstances attending defendant's signing this jewelry order, showing a tissue of misrepresentations practiced on an illiterate foreigner, the jury could well find that defendant, without his fault or neglect, was induced to sign these acceptances by active fraud and deceit. Page vs. Krekey, 137 N. Y. 307. On proof of such initial fraud, plaintiff had to satisfy the jury that the bank took the draft as an innocent bona fide holder. Vosburgh vs. Diefendorf, 119 N. Y. 357; Smith vs. Weston, 159 N. Y. 194. This issue was not to be determined alone on the statements of the assistant manager of the jewelry company in unison with the testimony of the bank president, to the effect that the bank was ignorant of the original consideration. The jury might take such testimony with some reserve, and if it looked improbable that a bank in the same town with this jewelry company took such irregular paper in entire ignorance of its customers' methods of trade, it was for the jury to say how far they credited such disclaimer of knowledge involving a lack of ordinary banking precautions. C. N. Bank vs. Diefendorf, 123 N. Y. 191; Citizens' National Bank vs. Weston, 162 N. Y. 113.

In view of the scheme of fraud perpetrated on respondent, and the presumptive knowledge growing out of the relations between the fraudulent drawer and the plaintiff, we cannot say that this ver-

dict in favor of the defendant was unsupported.

The judgment and order of the county court of Westchester county are therefore affirmed, with costs. All concur.

(160 N. Y. Supp. 913.)

Sale of Bank Stock

Minnesota

Rights of Creditors—Stock as Security—Time in Which Sale Must Be Made

The time within which a bank is required to sell shares of its capital stock which have been taken as security under the authority conferred by section 6257, Gen. St. 1913, commences to run from the date the stock is so acquired, and not from the due date of the secured obligation.

The failure of the bank to sell and dispose of the stock within the time fixed by the statute renders the security invalid as to creditors or purchasers subsequently acquiring rights thereto from or through the owner of the stock.

The state has no interest in the subject-matter, the taking of such security is not an ultra vires act, and subsequent creditors may urge that the failure of the bank to dispose of the stock as required by law renders its claim invalid.

ACTION by Max Sigel against the Security State Bank of Warroad. From an order sustaining a demurrer to a defense, defendant appeals. Affirmed.

OPINION OF THE COURT

BROWN, C. J. The Security State Bank of Warroad, defendant in the action, was duly organized under and pursuant to the general statutes of the state as a banking corporation. One Joseph Gibbons was a stockholder of the bank and held and owned two shares of stock therein. Gibbons was indebted to the plaintiff in this action in the sum of about $500, and plaintiff brought an action in the district court to recover thereon. Such proceedings were thereafter had in the action that on November 15, 1915, judgment was duly rendered for plaintiff and against Gibbons for the full amount of plaintiff's claim, with costs. Thereafter, under and pursuant to an execution duly issued on the judgment, the sheriff of the county duly levied upon the stock so owned by Gibbons, and in due course of procedure the same was sold and struck off to plaintiff as the highest and best bidder at the sale. The levy and sale under the execution occurred in the month of December, 1915. Plaintiff thereafter demanded of the bank a transfer of the stock to him upon its books, which demand the bank refused on the claim that it held the stock as security for the payment of an indebtedness due from Gibbons, and that its claim was superior to any right acquired by plaintiff at the execution sale. Plaintiff then brought this action against the bank to recover the value of the stock on the theory that its refusal to transfer the same to him amounted to a conversion.

Defendant interposed in defense that on May 5, 1915, Gibbons was indebted to the bank on a past-due obligation; that he was regarded as insolvent, and the bank was in danger of losing its claim; whereupon Gibbons made and delivered to the bank his promissory note for the sum of $300, the amount of the indebtedness then due and owing to the bank, and to secure the payment thereof assigned to the bank the stock in question. Defendant's rights are founded upon that assignment. The transaction was in good faith, and without purpose to defraud creditors, and solely for the protection of the bank from loss. Plaintiff demurred to this defense and defendant appealed from an order sustaining it.

The only question presented is whether the assignment of the stock to the bank was, at the time plaintiff caused the same to be levied upon, valid and superior to the rights acquired by plain-

tiff as purchaser at the execution sale. This question is answered by the construction to be given to and the force and effect of section 6357, G. S. 1913, which reads as follows:

"It [the bank] shall make no loan or discount on the security of its own capital stock, nor be the purchaser or holder thereof, unless * * * to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall be disposed of at public or private sale within six months after it is so acquired."

Defendant contends: (1) That the period of six months within which the bank was by statute required to sell and dispose of the stock did not commence to run until the maturity of the secured obligation; and (2) that the failure of the bank to comply with the statute in respect to a sale of the stock cannot be set up or invoked by plaintiff in defeat of the rights of the bank; that the question of the invalidity of the bank's title can only be raised by the state. Neither contention can be sustained.

The statute controlling the case is plain and unambiguous. It prohibits banking corporations from making loans or discounts upon their own stocks as security, and from taking such stock as security except when necessary to prevent loss to the bank, and in that case its right to hold the stock so pledged is limited to the period of six months from the time of the transaction. The purpose of the statute is too obvious to require discussion. It was enacted in the interest of sound and safe banking, and to prevent the stockholders from impairing the capital of the bank by withdrawing the funds thereof without adequate security. And, while it permits the bank in the special case mentioned to take its own stock as security, the statute is specific that it cannot be held longer than six months. In the case at bar that period expired on November 5, unless as contended by counsel for defendant the bar of the statute does not commence to run in such cases until the due date of the secured obligation.

We are clear, however, that such contention cannot be sustained. Such a construction would enable every bank to avoid the prohibition of the statute, at least to overcome the spirit and purpose thereof by postponing the day of payment of the secured debt so that the bank could hold the stock one, two or three years, or for such other time as the parties might agree upon. This would clearly be contrary to the intent of the Legislature, and the requirement that such stock be sold within six months must be construed, at least as to creditors and those subsequently acquiring rights in or to the stock, in accordance with its express language. From this it follows that as to plainiff, an execution creditor, defendant's right to hold the stock terminated long prior to the date of plaintiff's execution sale, and its rights are inferior to those thus required by plaintiff.

The second point made by defendant, namely, that the failure of the bank to comply with the statute can only be complained of by the state, does not require extended discussion. The situation is that of two creditors claiming the same fund in discharge of their respective claims. The state has no interest in that controversy; it is purely personal. The lien and claim of the bank was valid for the period of six months and no longer, and no sound reason can be assigned for holding that though the bank failed to perfct its rights within th time fixed by the statute, yet the claim remains valid until the state shall step in and raise the objection. As suggested, the state has no interest in the matter; the bank committed no ultra vires act in its failure to sell the stock, and there exists no basis for interference by the state. This view is sustained by Buffalo Ins. Co. vs. Bank, 162 N. Y. 163. A different question would be presented in the case of a fully executed ultra vires contract, as pointed out in the case cited. In the case at bar the contract between Gibbons and the bank was executory.

Judgment affirmed.

159 N. W. Rep. 567.

Joint Account

(*Savings Bank Case*)

NEW YORK

Husband and Wife—Joint Property

Surrogates Court, Kings Co., April, 1916.

IN RE. MAGUIRE'S WILL

Where savings bank accounts are opened in the names of husband and wife, without evidence in the style of the account, except as found in the names themselves, of an agreement that the deposits were jointly owned, or that either party should take by survivorship, in the absence of proof of ownership of the funds at the time of the deposits, on death of the husband they belong to the wife and form no part of his estate. (160 N. Y. Supp.)

APPLICATION by the Missionary Society of the Most Holy Redeemer in the State of New York for an order directing Grace Roarty and another to make and file their account as administrators of Annie Maguire, also known as Anna Maguire, as to her proceedings as executrix of the last will and testament of John Maguire, deceased. Account approved as made.

OPINION OF THE COURT

KETCHAM, S. The Savings bank accounts which are the subject of controversy were opened in the names of husband and wife, without evidence in the style of the account, unless it is found in the names themselves, or in any other form, of an agreement or intention that the deposits were jointly owned or that either party to the accounts should take by survivorship. There is no proof as to the ownership of the deposited funds, or any part thereof, at the time of the deposits.

It was once regarded as settled law that under such circumstances it was to be presumed that each of the parties to the transaction owned one-half of the fund individually, that the deposit was the subject of common, and not joint, ownership, and that there was no agreement or purpose that either should take upon the death of the other.

While the decisions in this regard had a firm, but narrow, basis in the rules affecting ownership in common, they took little heed of the common-sense—the popular conception—that such deposits would ordinarily not be made, except with the intent that upon the death of one of the parties the other should take the whole fund. It may well be asserted that in any case where, in obedience to rules unknown to the laity, a deposit of this sort was held to be in common and not subject to survivorship, the wish and understanding of the unlearned parties was disappointed.

There are signs of retreat in the recent opinions on this subject. In Matter of Thompson, 167 App. Div. 356, 153 N. Y. Supp. 164, the Appellate Divisions of the First Department held that deposits in no respect different from the transactions involved in the case at bar were intended to belong to the wife upon the death of the husband. The court says:

"At the death of the decedent $12,-830.82 was on deposit in various banks in accounts entitled 'Alexander Thompson or Mary E. Thompson.' The surrogate held that inasmuch as the evidence did not show how much of the deposits belonged to the decedent and how much to his wife, it would be presumed one-half belonged to each. In reaching this conclusion we think he erred."

While the opinion cited does not treat of the cases expressly contrary to the result therein reached, and is content with stating only cases in which it was known that the moneys deposited were wholly owned by the husband and were deposited by himself, the holding itself cannot be misunderstood.

The accompanying decision of the same Appellate Division, in Matter of Dalsimer, 167 App. Div. 367, was addressed to a transaction in which the parties, however they held the funds involved, made profuse and inevitable evidence of their intent and agreement that their investment should be joint

and not common, should vest in each an immediate "unity of interest, unity of title, unity of time, and unity of possession," and should, upon the death of one, be the property of the other by an ownership instituted at the time of the investment. That case is of no present avail.

The authority of the Thompson Case, supra, in the Appellate Division was still subordinate to the explicit judgment of the Court of Appeals in Matter of Albrecht, 136 N. Y. 91, and Matter of Kaupper, 201 N. Y. 534, as well as the equally plain rulings of Wethrow vs. Lord, 41 App. Div. 413, and Matter of Wilkins, 144 App. Div. 803, but the case has been affirmed without question of the views upon which the result was based. 217 N. Y. 609. The decision has been regarded by Mr. Surrogate Schultz as authority for his own ruling, as follows:

"The fact that the bond, mortgage, and certificate of deposit were taken in the names of the husband and wife, in the absence of evidence to the contrary, shows an intention to create in the wife the right of survivorship." Matter of Keil, 91 Misc. Rep. 667.

It follows that the deposits in question belonged to the wife and formed no part of the estate of the husband intestate. The account must be approved as made.

Decreed accordingly.

(160 N. Y. Sup. 512.)

Trust Account

(*Savings Bank Case*)

New York

Gift Causa Mortis—Trusts—Revocation

Supreme Court, New York, Appellate Division, Second Department, July 28, 1916.

DURYEA VS. KNAPP

Where savings deposits at the direction of the depositor are deposited in trust for another, such trust is revocable until completed by some unequivocal act or declaration of the creator of the trust.

Gifts causa mortis may be revoked at any time before death of the donor.

Evidence held sufficient to show that a transfer of the decedent's bank account in trust for plaintiff was merely a conditional gift causa mortis, which was expressly revoked prior to death of depositor.

(160 N. Y. Supp.)

OPINION OF THE COURT

PUTNAM, J. These appeals raise the question whether savings bank trusts were irrevocably made at or before 1910, or were subject to revocation during the lifetime of Mrs. Jane Ann Conklin, the alleged donor. Two or the savings bank accounts (the subjects of suit No. 3) were opened in 1894 in the form of "Jane Ann Conklin in trust for Eliza F. Duryea." The other three accounts (suits 1, 2 and 4) were similarly changed in October, 1905. An account in the Emigrant Industrial Savings Bank was then changed in favor of Mrs. Polhemus, which is the subject of suit No. 4. The banks then returned all of these bank books to Mrs. Conklin; and the books remained in her possession, in a safe deposit box in New York, which was rented in the joint names of Mrs. Conklin and Mr. Duryea (who was Mrs. Conklin's confidential agent) up to February 8, 1910. On that date, when Mrs. Conklin was 86 years old, this safe deposit box was given up, and Mr. Duryea brought these bank books to Nyack, where Mrs. Conklin then boarded in Mr. Duryea's house. Mr. Duryea testified that he took the four bank books upstairs to Mrs. Conklin's room, and there handed them to her and left them with her; that later Mrs. Conklin called down from over the banister to Mr. Duryea, and when he came up in response she handed him the books, which she said belonged to Mrs. Duryea and to Mrs. Polhemus, the plaintiffs herein; that she wanted him to take the books down and put them in his box.

Although Mrs. Duryea and Mrs.

Polhemus were both in the house at the time, Mrs. Conklin did not herself give them the bank books. After this time, Mr. Duryea kept exclusive possession of the books, although Mrs. Conklin continued to draw the interest and use it for her own purposes. Mr. Duryea testified, also, that he had handed the books that night to Mrs. Duryea and Mrs. Polhemus, who handed him back the books for safe-keeping. At all times Mrs. Conklin continued to draw the interest on these accounts on her own order, and to use the proceeds for her own purposes. On February 13, 1913, on the petition of Mrs. Duryea, one of the plaintiffs, Mrs. Conklin, was committed to the State Hospital for the Insane at Middletown, N. Y., where she remained two months under observation. The hospital authorities then voluntarily released her, on the ground that she was not and had not been insane. The lunacy proceedings were therefore vacated. After Mrs. Conklin's return to Nyack, but not to the residence of Mrs. Duryea, on May 26, 1913, she served formal notices of revocation of the alleged trusts, duly acknowledged, upon the defendant bank. She died September 26, 1914. In the interval of sixteen months between her attempted revocation and Mrs. Conklin's death, the plaintiffs took no proceedings to impress a trust upon these bank accounts.

To affirm the judgments in plaintiffs favor, we must hold that the change in the savings bank accounts, with Mrs. Conklin's subsequent conduct, especially the circumstances at Nyack, when she is said to have declared to Mr. Duryea that the books were the property of the plaintiffs, constituted a valid gift, absolute and irrevocable. But here we have the deceased, at a time when she had proved to be sane and competent, asserting a right to revoke these dispositions by a formal written instrument. Obviously the gift now claimed did not exist before February, 1910, since the books were still under her control, which Mr. Duryea recognized by bringing back the books and delivering them to her. While Mr. Duryea, the husband of one of the plaintiffs, testified he delivered to her and Mrs. Polhemus the respective books, which testimony was not within the prohibition of Code of Civil Procedure, section 829, yet it is singular that Mrs. Conklin herself made no such gift to these ladies in the same house.

She continued thereafter to draw the interest on her own orders, an act indicating that she had not divested herself of the beneficial control of the deposits. Mrs. Conklin's attitude and intent as to this transaction strongly appear from her accusations of Mr. Duryea, before the end of 1910, that he had deprived her of her property, when she once came to the window and exclaimed, "He won't give me my bank books." As late as 1912, Mrs. Conklin was asking for these books, which Mr. Duryea withheld from her. Mr. Duryea says he did it, not because she had irrevocably disposed of them by gift to his wife, but "because I didn't think that she was in a condition to have them." Even in March, 1913, Mr. Duryea admitted that he was caring for the books for Mrs. Conklin.

The deposits in trust for the plaintiffs were nor irrevocable until completed by some unequivocal act or declaration. Matter of Totten, 179 N. Y. 112. Deceased showed an aversion to making a will. It was natural for her to think of these bank books as a substitute for a legacy by will. Her intent to make a gift causa mortis finds support in a query in her handwriting on the last page of her memorandum book:

"Can I draw on money in trust when I was advised to put it there as it was better than a will in case I should want to use it?"

She must have so looked upon these dispositions. She exercised the power to revoke, which can be done with gifts causa mortis. Bliss vs. Fosdick, 86 Hun, 162, 173. In view of the long-settled rules rigidly enforced to protect estates against gifts first asserted after death of the donor, we think the testimony for plaintiffs did not sufficiently establish their title. On the contrary, the circumstances point to a condition-

al gift, not taking effect before death, and hence subject to revocation. The instruments of May 26, 1913, exercised the power to revoke, unless Mrs. Conklin had already irrevocably conferred title. In view of all the testimony we are constrained to conclude that decedent had never completely given up her control and dominion over this property, so that she had title thereto at her death.

I advise that the findings of fact numbered 2 in suits Nos. 1, 2 and 3, and the findings numbered 3 in suit No. 4, be severally reversed, and in lieu of such findings a new one by made by us "that said Jane Ann Conklin did not divest herself of dominion, control, and custody over said bank books, but thereafter retained the same, and on May 26, 1913, lawfully and effectively revoked said tentative change in said bank accounts, and gave due notice of such revocation to said banks, so that when she died she had full title thereto"; that this court, upon this appeal, accordingly, reversing the conclusions of law by the learned court at Special Term, make conclusions of law in favor of the appellant, decreeing to her, as administratrix, the said bank accounts, with costs. All concur.

(160 N. Y. Supp. 553.)

Remarkable Record of the Pennsylvania Railroad System

IN 1916 the Pennsylvania Railroad System carried in its trains more people than in any previous year of its history, and did so without losing the life of a single passenger in a train accident of any kind.

Statistics which have just been compiled show that during the year there were transported safely, on the lines east and west of Pittsburgh, 196,294,146 passengers. Figures for the last few weeks of the year are necessarily partly estimated. The heaviest freight traffic ever handled by the Pennsylvania Railroad System was moved over its lines at the same time that these passengers were being carried without loss of life.

The entire Pennsylvania Railroad System, taking into account every affiliated company either east or west of Pittsburgh, now has to its credit three full calendar years in which no passenger has been killed as a result of a train accident on any portion of the lines. During this period 553,890,063 passengers—equal to five and one-half times the population of the United States—have been safely transported a total distance of approximately fifteen billions of miles, or 150 times as far as the sun is from the earth. Upward of 9,000,000 trains, carrying both passengers and freight, were operated by day and night, through sleet and storm, and fog and sunshine, over 12,000 miles of railroad line and 27,000 miles of track, while these passengers were being taken on their journeys without loss of life.

On the lines of the Pennsylvania Railroad, east of Pittsburgh, no passenger's life has been lost in a train accident during any of the last four calendar years, and in that period 616,626,957 people have traveled safely over these lines alone.

International Banking and Finance

Opportunities for American Banking, Trade and Enterprise in Mediterranean Countries

By Petros G. Zaldari

Changes brought about by the great war in Europe are causing many of the old-world countries to look to America for the capital they have heretofore obtained from London, Paris and Berlin. Our bankers and captains of industry are looking the world over for safe and profitable opportunities for business and financial expansion. In the following article attention is directed to Egypt, and the writer possesses the advantage of first-hand knowledge of conditions in that ancient seat of civilization.—Editor BANKERS MAGAZINE.

I. EGYPT

OF greatest general interest in financial circles during the last two years has been the matter of foreign financing, and the large and growing investment in foreign government securities. Next to that comes the promotion of financial institutions capitalized with millions of dollars in connection with the opportunities now offered to American banking, trade and enterprise in the fields devastated by the war, but few of us have more than a vague realization of the opportunities which exist in the old Mediterranean countries.

These are countries exceedingly rich in natural resources which are subject to easy and rapid development, but which up to date have hardly at all been exploited. The reason for this admits of ready explanation. To the group of capitalists who will enter this field now there is presented an opportunity practically to own these numerous productive opportunities and to realize quick and large returns on the investment with the element of risk about as low as one can imagine. The enterprise must be permanent; it must be important; it must be dignified; it must be incorporated on its own field to bear the sanction and patronage of the people; it must be based upon valuable concessions in countries well known for ages past, but still, in many respects, lacking totally industrial and agricultural development. Such an operation can best be developed with foreign capital, because the conditions are ripe now for the institution of a financial holding corporation. Its success, of course, will depend vitally upon its being handled by those thoroughly familiar with the methods, characteristics, etc., of these countries, which have their own peculiarities.

A brief description of the financial, industrial, commercial, farming and irrigation situation of the above mentioned countries and the unusual opportunities for successful development which exist there, will help the reader to appreciate the need of an American financial holding corporation and the vast possibility for its successful and profitable operation.

AGRICULTURE

AGRICULTURE always has been the one great industry of Egypt and bids fair to continue so. The Valley of the Nile was the granary of the Roman Empire. Cotton has been raised in Egypt from the earliest times, 434-424 B. C. Herodotus and Strabo both mention it, and Pliny, 23-79 A. D., at the beginning of the Christian era, wrote

that a plant named xylon (wood) grew in the country, having nuts with beards, from which costumes for the priests were made.

In 1822 is recorded that 541 bags of cotton were raised—

	POUNDS
In 1844 the cotton crop was....	15,336,300
In 1855 the cotton crop was....	52,688,600
In 1861 the cotton crop was....	250,700,000
In 1890 the cotton crop was....	320,000,000
In 1907 the cotton crop was....	723,400,000
In 1911 the cotton crop was....	*760,000,000

*The record one.

Sugar also dates as far back as the beginning of the eighteenth century and we find that Ismail Pasha, the Khedive of Egypt, in 1863 planted 100 squares miles of his enormous private estate with sugar cane and built twenty-nine sugar refineries. On the other hand, the French financial-political scandal, some ten years ago, in connection with the *Sucreries Rafineries d'Egypte's* stock, listed in the Paris Bourse, and the loss of a few hundred millions of dollars is proof of a big sugar industry in Egypt.

Onions, rice, cigarettes, coffee, gum Arabic, ivory and skins have likewise for a very long period been a most important element of the Egyptian agriculture and commerce.

IRRIGATION

THE extensive system of irrigation canals was started by Mehemet Ali. Ismail Pasha, in 1863, built the most important one. the Ibrahemieh canal, 180 miles in length. The Assuan reservoir was finished in 1912. In 1881 a decree of Tewfik Pasha, Khedive of Egypt, authorized the establishment of the *Societé Anonyme de Behera* which from the very beginning dredges irrigation and drainage canals at the rate of about 1,000,000 cubic metres per annum with its fleet of dredgers and by hand.

BANKING

THE original example of banking in Egypt is found in the scheme of Alexanian in 1848, who failed because the interest on money offended the interpretation by the Ulema (professors of law and religion) of the paragraph on Integrity and Honesty in the Koran.

In 1856 permission was granted by the Khedive to promote the Bank of Egypt, Limited, with capital subscribed in England. In 1863-1879 the high rates of discount, thirty and forty per cent. on treasury notes and foreign exchange bills, attracted European banks to establish branches there. The Anglo-Egyptian Bank, Ltd., with headouarters in London, was nromoted in 1864; the Imperial Ottoman Bank, the Credit Lyonnais of France, and the Banco di Roma established branches in Alexandria and Cairo.

In 1884 The Crédit Foncier Egyptién was incorporated in Cairo. In 1894 an unusual activity in the incorporation of various societies began. The reason for this was the English-French agreement of April 8, 1894, which secured to England its occupation of Egypt for many years to come, and the rise of cotton prices. Foreign capital found ready opportunities for entering the country and this led to the formation of the Societé Générale Egyptiénne, Agricultural Bank of Egypt, Land Bank of Egypt, Crédit Franco Egyptién, Comptoir Financier et Commercial d'Egypte, Cassa di Sconto e di Risparmio, etc., etc., also branches of the following European sotieties: Comptoir National d'Escompte (French), Deutsche Orient Bank (German), Bank of Athens (Greek), Banque d'Orient (Greek), Bank of Salonica (Greek), Ionian Bank, Ltd. (Anglo Greek), Bank of Mytilene (Greek), and the most important of all, The National Bank of Egypt, was established June 25, 1898.

The financial disturbances since the panic of 1907, which menaced the financial situation in Egypt, had their origin very largely in the competition between the banks and private bankers, who were accustomed to draw large amounts on

their European correspondents without fairly considering the nature of the business for which these funds were to be used.

It is always a mistake to suppose that a bank can do a successful business on its own capital alone. Both in Europe and America the banks operate with the people's deposits and their capital, but in Egypt we find that the deposits are comparatively small, because of the very numerous and attractive opportunities for investment and the well-developed propensity for speculation. Exceptions to this condition are found in the National Bank of Egypt and the Crédit Lyonnais since these banks hold the large deposits of the Egyptian and Soudanese Governments, mixed tribunals, public debt, customs collections and of the very old and wealthy families. Among the other banks they are obliged to exchange cash credits and to discount three-month bills. Their business is divided into: (1) discounts of country bills for commercial purposes, aggregating small amounts and rates from seven to nine per cent.; (2) advances on securities, in which some of the banks indulged to such an unreasonable extent that it led to excessive speculation, and was an important cause of the panic of 1907, which resulted in the inability of Cassa di Sconto e di Risparmio, Bank of Egypt, Ltd., Bank of Athens, Zervudachi & Sons, and others, to fulfill their engagements (these banks were forced to suspend for a time); (3) buying of securities on marginal accounts; (4) advances on merchandise, loans made on warehouse receipts for cotton, tobacco, ivory, wool, cereals, gum arabic, etc.; (5) exchange of foreign bills, which are very numerous, resulting from the enormous commerce with other countries, this being the most desirable method of obtaining funds for moving the crops, *the three months foreign bills of exchange.*

If this money is then used for other purposes and the bills are renewed perhaps several times, the liability continues far beyond the time when there was in hand the wherewithal to liquidate it.

From 1864 there were no changes made in the banking business in Egypt and the old regime continued in force. Notwithstanding that agriculture always has been the one great industry of Egypt there is not a single bank which will help the farmer-cotton-merchant-banker* by discounting the notes, drafts and bills of exchange issued for agricultural purposes, having a maturity not exceeding six months, bearing two or three signatures, and properly indorsed, nor by accepting them as collateral on loans, thus leaving the farmer-cotton-merchant-banker to do a successful business on his own capital alone, limiting available and productive assets and impairing profits. Consequently we find the rate of interest in the agricultural districts for short time loans, not exceeding six months, rising unscrupulously from the legal rate of nine per cent. to seventy-five per cent.

Practically all the banking business in Egypt is done during the cotton season. After the commerce of cotton is finished, September to May, there is a period of lethargy and the banks then refund to their European correspondents or place their excess of capital in short time loans in Europe.

*All the cotton merchants in Egypt own farms and are agricultural bankers.

Thus the exodus of gold balances its importation, which was needed for the moving of cotton crop, the most valued asset of the country, aggregating about two hundred million dollars.

Under these circumstances, some study of Egyptian statistical conditions must be of interest and may possibly be of substantial advantage to our banks, our manufacturers, contractors and engineers. These statistics are based solely on Egyptian official documents (Ministere des Finances, Annuaire Statistique de l'Egypte, 1915).

GENERAL INFORMATION

The total area of Egypt, both of Egypt and the Egyptian Soudan is 1,250,000 square miles, of which only 12,800 square miles are cultivated.

The climate varies from the sunny cotton fields of the Delta to the torrid zone, extremely dry, healthful, in general, with an almost cloudless sky.

The population after the census of 1907 is 11,287,359 inhabitants. The two largest towns of Egypt had the following augmentation between the two censuses:

	1897	1907	Augmentation	Per 1,000
Cairo	570,062	654,476	84,414	13.9
Alexandria ..	319,766	370,009	50,243	14.6

The foreign population is:

	1897	1907	Augmentation	Per Cent.
Greeks	38,208	62,973	+24,765	+65
Italians	24,454	34,926	+10,472	+43
English	19,563	20,653	+ 1,090	+ 6
French	14,172	14,591	+ 419	+ 3
Austrians ...	7,115	7,704	+ 589	+ 8
Russians	3,192	2,410	— 782	—25
Germans	1,281	1,847	+ 566	+44
Spaniards ...	765	797	+ 32	+ 4
Swiss	472	637	+ 165	+35
Belgians	256	340	+ 84	+33
Hollanders ..	247	185	+ 62	+25

Among other Egyptian products may be mentioned:

Cotton	Sesame
Wheat	Gold
Corn	Nickel
Barley	Lead
Rice	Turquoise
Durrah (maize)	Spelter
Sugar cane	Peridots
Egyptian clover	Nitrate of Sonde
Emeralds	Phosphate
Beans	Oil
Peas	Copper
Lentil	Limestone
Millet	Coral

Green and Red Porphyries and forests of Ebony, Gumacacia, Bamboo and Rubber.

AGRICULTURE

THE development of the farming property had the following movement for the years 1912, 1913 and 1914:

	1912	Per Owner	1913	Per Owner	1914	Per Owner
Farmers, Egyptian	1,478,039	.....	1,548,519	.....	1,555,503	.....
Feddans	4,772,232	3.23	4,770,250	3.08	4,763,088	3.06
Farmers, cotton merchants, bankers—foreigners	8,059	.....	7,791	.....	8,220	.....
Feddans	717,936	89.09	702,680	90.19	694,896	84.53
Total landowners	1,486,098	.....	1,556,310	.....	1,563,723	.....
Total Feddans	5,490,163	3.70	5,472,930	3.52	5,457,984	3.49

(1 Feddan is equivalent to 1.038 acres.)

The areas under the chief crops in 1913 and their estimated yield are as follows:

	Feddans	Kantars	Per Feddan	Average for Preceding Years
Cotton	1,723,094	7,554,000	4.38	4.27
		Ardebs		
Wheat	1,305,578	6,972,000	5.34	4.66
Barley	369,158	2,078,000	5.63	5.20
Rice	242,367	1,280,000	5.28	5.74
Maize	1,632,556	10,350,000	6.34	6.85
Millet	220,204	1,363,000	6.19	7.03
Sugar	48,468	*973	446.5	425.00

*Tons. 1 Feddan = 1.038 acres. 1 Kantar = 98 pounds. 1 Ardeb = 5.44 bushels.

The cotton crop for the years 1910, 1911, 1912, 1913 and 1914 was as follows:

Years	Feddans	Cotton Kantars	Cotton Seed Ardebs	Value ($)
1910	1,643,000	7,505,000	5,456,000	177,245,000
1911	1,711,000	7,386,000	5,375,000	149,450,000
1912	1,722,000	7,499,000	5,431,000	161,535,000
1913	1,723,000	7,664,000	5,222,000	169,095,000
1914	1,755,000	6,878,000	5,746,000	148,575,000

The fellaheen, or farmers, owners of 5 feddans or less, and their debt as per January 1, 1914, was:

Number of Owners	Area Feddans	..Their Debt $	Per Debtor $	Per Feddan $
619,107	619,214	79,953,300	129.14	129.12

RAILWAYS, SUEZ CANAL, CANALS, DRAINAGE, ROADS, MINES, GOLD

THE railways of Egypt are: The State Railways, the Egyptian Delta Light Railways, Ltd.; Chemins de Fer de la Basse Egypte; and Fayoum Light Railways, Ltd.

	1913-4	1914-5
Length Kilometres	4,398	4,638
Locomotives	797	809
Passenger Cars	1,405	1,460
Freight Cars	15,845	15,973
Passengers Carried	39,652,000	32,310,000
Freight Tons	5,984,000	4,559,000
Receipts	21,155,000	17,330,000
Expenses	12,330,000	11,585,000

The Suez Canal has a length of 164 kilometres, 10.50 metres deep, 135 metres wide on the surface of the sea and 45 metres minimum width in the bottom of the sea. The amount of vessels that went through the canal was 5,372 for 1912, 5,085 for 1913 and 4,802 for 1914.

The canals in Egypt are very numerous, and they are divided in navigable of a length of 3,205 kilometres; non-navigable, for irrigation purposes, of 21,291 kilometres, and for drainage, 5,926 kilometres.

The roads in Egypt are divided into first-class of a total length of 985,000 kilometres and second class of a total length of 2,550,671 kilometres.

The Mines in Egypt are very numerous, but there was no development until the last decade, and they had the following production:

	1910	1911	1912	1913	1914
Gold $	77,530	105,345	103,120	95,760	127,125
Nickel Tons	....	....	80	....	233
Lead Tons	....	....	1,543	3,995	2,493
Spelter Tons	....	....	1,967	3,160	2,416
Peridots Kilos	....	....	109.5	49.5	68.5
Nitrate of Soude, Tons	....	....	4,935	4,740	3,370
Phosphate Tons	2,397	6,425	69,958	101,311	70,964
Oil Tons	....	3,391	27,522	12,586	98,110

The gold movement for the following five years was:

	Imports	Exports	Remainder
1909-10	$40,580,000	$36,575,000	+$4,005,000
1910-11	65,430,000	40,620,000	+24,810,000
1911-12	40,845,000	35,355,000	+ 5,490,000
1912-13	46,080,000	47,770,000	— 1,690,000
1913-14	52,900,000	44,215,000	+ 8,685,000

FINANCIAL EGYPT

THE Egyptian Public Deot is known by the names of the different loans, viz.: Unified, Privileged, Guaranteed, Domains and of Rairah Sanieh.

In 1912 the outstanding capital was $471,-748,400, the interest and sinking fund, $17,-760,000; the amount paid off was $735,700. In 1913 the outstanding capital was $471,-012,700, the interest and sinking fund, $17,-760,000.

The following table shows the amount of Egyptian Public Debt at the nominal value of the securities outstanding at the end of each year from 1910 to 1915. These securities are listed on the London Stock Exchange and Paris, Alexandria and Cairo Bourses:

1910	£94,972,200	$474,861,000
1911	94,621,660	473,108,300
1912	94,349,680	471,748,400
1913	94,202,540	471,012,700
1914	94,144,640	470,723,200
1915	94,028,840	470,144,200

A stock to the extent of £5,459,920, or $27,299,600, is held by the Commissioners and the Government and its interest is £200,-000, or $1,000,000.

GOVERNMENT RECEIPTS AND EXPENDITURE

THE receipt ordinary and extraordinary and the expenditure ordinary, special and extraordinary of the Egyption Government for the years 1909 to 1913 were as follows:

	Receipts, ordinary and Extraordinary	Expenditure Ordinary	Special and Extraordinary	Total
1909	$79,436,565	$67,842,140	$16,657,935	$84,500,075
1910	81,688,335	69,249,250	15,491,160	84,740,410
1911	85,885,535	70,689,010	14,697,025	85,386,035
1912	89,241,760	74,112,040	13,736,105	87,848,145
1913	88,519,490	74,419,645	13,880,160	88,299,805

TRADE

EGYPTIAN exports in the year 1913 were 158,310,000 dollars as against 172,871,500 dollars in 1912.

Egyptian imports during 1913 were 139,325,975 dollars, as against 129,538,795 dollars in 1912.

The following tables show the imports and exports with the principal countries for the years 1912 and 1913:

	1912		1913	
	Exports	Imports	Exports	Imports
United Kingdom	$80,793,260	$47,792,005	$68,854,670	$52,409,800
United States	20,604,475	2,017,640	12,424,525	2,625,800
Germany	19,429,685	7,105,900	20,331,435	8,044,405
France	13,534,875	12,057,125	13,936,215	12,656,540
Russia	10,281,510	....	11,208,505	....
Austria-Hungary	7,155,167	8,399,155	8,784,965	9,702,560
Turkey	....	13,768,615	....	13,619,490
Switzerland	5,044,480	....	5,061,085	....
Italy	4,744,445	6,213,645	5,062,970	7,365,165
Roumania	....	3,454,415	....	5,457,535
Belgium	....	5,513,555	....	5,889,990

EGYPTIAN SECURITIES

SOME of the Egyptian securities excluding the Government securities, are:

Hypothecary Credit Corporations

	Capital Stocks and Bonds	Surplus	1914 Profits
Agricultural Bank of Egypt..........	$ 50,261,250	$ 6,546,475	$1,164,150
Banque Hypothecaire Franco Egyptien	723,280	3,590	21,700
Caisse Auxilaire Foncière.............	96,440	52,715	10,610
Caisse Hypothecaire d'Egypte..........	9,702,675	391,580	58,550
Credit Foncier Egyptien..............	163,770,820	13,382,735	2,237,930
Credit Foncier d'Orient...............	6,991,720	7,820	28,930
Credit Hypothecaire Agricole A Urban d'Egypt	2,526,800	15,215	....
Egyptiche Hypotheken Bank...........	609,375	155,070	24,375
Land and Mortgage Company..........	2,410,690	371,800	65,815
Land Bank of Egypt..................	23,882,735	488,925	441,185
Mortgage Company of Egypt..........	17,062,500	283,645	341,250
Total	$278,038,285	$21,699,570	$4,394,495

Banks

	Capital	Surplus	1914 Profits
Anglo-Egyptian Bank Ltd...............	$ 2,437,500	$ 3,666,000	$ 365,625
Bank of Abyssinia......................	609,375	43,110	....
Banque Française d'Egypte...............	994,490	333,755	56,970
Cassa di Sconto et di Risparmio..........	1,838,310	9,620	83,625
Credit Franco-Egyptien	2,410,940	358,810	....
National Bank of Egypt	14,625,000	7,520,435	1,096,875
Total	$22,915,615	$11,931,730	$1,603,095

Financial Corporations

Eight corporations with an aggregate capital of $5,422,09; surplus, $194,720, and profits in 1914 of $101,900. Four of these companies are in dissolution.

Rural Societies

Out of sixteen rural corporations, nine are in dissolution, the authorized capital of the sixteen companies was $40,052,325, with a surplus of $4,429,530, and the profits of the surviving companies for 1914 were $785,695.

Real Estate Companies

Out of twenty-one real estate companies there are twelve in dissolution. The authorized capital of all these companies was $17,008,440. The remaining have a surplus of $836,830, and their profits in 1914 were $219,705.

Rural and Real Estate Companies

Twelve out of fifteen of the above companies are in dissolution. The total authorized capital was $26,174,950; the surplus of the surviving companies is $807,620, and their profits for 1914, $166,990.

Railroads

	Capital	Surplus	1914 Profits
Alexandria-Ramleh Railways Co., Ltd......	$1,125,150	$786,745	$171,385
Egyptian Delta Light Railways Co., Ltd...	8,939,190	900,105	253,690
Fayoum Light Railways Co.	1,002,415	6,385	......
Société Anonyme des Chemins de Fer de la Basse Egypte	1,897,890	263,465	60,945
Société Anon des Chemins de Fer Keneh Assouan	2,579,850	4,575	28,875
Société des Automobiles et des Omnibus du Caire	450,000	61,090	18,000
Tramways d'Alexandrie	3,338,860	85,685	129,800
Tramways de Caire	5,147,160	761,255	545,835
Total	$24,480,515	$2,869,305	$1,208,530

Canals

	Capital	Surplus	1914 Profits
Compagnie Universelle du Canal Maritime de Suez	$71,285,655	$22,572,010	$15,839,175
Menzaleh Canal & Navigation Co.	437,200	16,335	......
	$71,722,855	$22,588,345	$15,839,175

S. S. Companies

	Capital	Surplus	1914 Profits
Compagnie des Bateux Omnibus	$ 75,000	$ 39,270	$ 4,925
Egypt and Levant S. S. Co., Ltd.	946,360	49,510	106,195
Hamburg & Anglo-American Nile Co.	682,500	93,405	34,125
Khedivial Mail S. S. & Graving Dock Co.	2,036,875	184,615	131,580
Totals	$3,740,735	$ 366,800	$ 276,825

Water Companies

	Capital	Surplus	1914 Profits
Alexandria Water Co., Ltd.	$2,925,000	$ 512,350	$ 372,940
Société Anonyme des Eaux de Tantah	313,705	41,590	17,075
Société Anonyme des Eaux de Caire	2,606,875	280,445	687,230
Totals	$5,845,580	$ 834,385	$1,077,245

Irrigation Companies

	Capital	Surplus	1914 Profits
Société Anonyme d'Irrigation de Baliana	$ 195,000	$ 52,165	$ 19,500
Société Egyptienne d'Irrigation	521,135	24,760	94,685
Upper Egypt Irrigation Company	1,596,625	41,425	.....
Totals	$2,312,760	$ 118,350	$ 114,185

Ginning, Pressing and Refineries

There are eight corporations with an aggregate capital of $23,381,770; surplus, $1,117,-875, and profits in 1914, $327,040.

Commercial Corporations

Ten corporations with an authorized captial of $4,724,690; surplus, $1,517,220, and profits in 1914, $418,080.

Hotel Companies

There are seven hotel companies of an authorized capital of $8,472,405; surplus, $844,-590, and profits in 1914, $152,200.

Mines

Two corporations of an aggregate capital of $1,753,930; surplus, $1,370, and profits in 1914, $12,395.

Buildings, Industrials, Etc.

Thirty-two corporations of an authorized capital of $30,666,320; surplus of $2,278,560, and profits in 1914, $767,460. Twenty-five of these corporations are in dissolution.

A grand total of one hundred and sixty-one corporations with an aggregate capital of $566,713,270; surplus, $72,446,800, and profits in 1914 of $27,465,015.

It may be doubted whether any other nation is, by wealth and training, nearly as well qualified as the American to assist the Egyptian people in the work that lies before them.

The withdrawal of the German banks and German commercial and industrial corporations that before the war were a menace of accaparation to the international commerce and industry in Egypt, and the liquidation of the disintegrating forces and unfavorable conditions which undermined the financial situation in Egypt since the panic of 1907, leave an exceedingly sound financial situation in Egypt and the field free and clear, with ripe conditions for the institution there of an international banking and holding corporation which not only will enter the banking field by

assisting the farmer-cotton-merchant-banker, but also will finance public utility corporations, viz., the existing and untouched water power of the Nile, the furnishing of electricity, power, light, water and maritime and Nile transportation, etc.

[Mr. Zaldari's next article will be devoted to Greece.]

Guatemala: Its Commercial and Financial Possibilities

By John Clausen

Manager Foreign Department, The Crocker National Bank of San Francisco

THERE is the greatest possible desire throughout the country that our foreign trade be fostered in every direction, and the present affords a most favorable opportunity in that respect, with the reasonable certainty that trade in an unprecedented manner can be promoted, provided proper and wise application is exercised. The more we increase our trade the greater will be the prosperity of our country.

Manufacturers are beginning to realize that the most aggressive competitors are not their fellow countrymen engaged in international trade, but rather the powerful combination of merchants in other countries. While we therefore now have first place in the field of commercial expansion, when the war is over exactly the same opportunities will again be open to our contemporaries in Europe and those of other nations who will not be tardy in the endeavor to regain markets lost during their enforced activity.

Competition, however, in itself is desirable when directed by wide knowledge and trained intelligence. The United States now has more wealth and productive power than any country in the world and if we can acquire the necessary courage and breadth of view to use this advantage by wise investment in international markets, there is every reason that success should follow our foreign trade expansion.

Quite apart from the attraction of capital to the building of roads, railway construction and development of hydro-electric power, manufactured goods from here are likely to meet with the greatest demand if proper methods are adopted for encouraging and making such investments beyond our borders. We need the suggestion for a real practical way of bringing our manufacturers and merchants to recognize and act upon the statement that efficiency in labor, machinery and otherwise are the greatest secrets of all economic prosperity.

Latin America offers promising markets towards opening fresh fields for commercial expansion on account of its rich natural resources. Never since our Sister Republics severed the political ties that bound them to their motherland has there been such an opportunity for the American people to widen the scope of their financial and commercial ties with that part of the new world.

The present commercial and financial inactivity of the Republics to the south, brought about by the gradual retirement of available capital so readily secured in former years from Great Britain, Germany and France—has proven a serious matter to these friends, whose ability for development of their natural resources is so vital an issue to the national prosperity.

Central America forms a separate

unit and comprises the five Republics lying between Mexico and Panama, viz.: Guatemala, Salvador, Honduras, Nicaragua and Costa Rica, with a combined area of 174,000 square miles and a population of about 5½ million inhabitants.

The Republic of Guatemala—situated east of Mexico—covers an area of about 50,000 square miles, with an estimated population of 2,120,000 inhabitants—the largest of any Central American country—of which 125,000 reside in the capital, Guatemala City. The name "Guatemala" is probably of Aztec origin and is said to mean "Land of the Eagle." The bulk of its people are located in that half of the republic bordering on the Pacific with few settlements on the north or on the Atlantic side. Its mountain ranges, with very little exception, give the country an elevation of from 4,000 to 11,500 feet. The Pacific slope is very fertile and produces large crops of coffee, corn and sugar; while on the Atlantic side there is found very little agricultural wealth except from the cultivation of bananas in the lowlands and near the coast. The production of coffee, however, is the principal money crop of the country—moved largely upon funds that have been advanced for that purpose—and to its marketing therefore depends much of the prosperity of the republic.

It is one of the most beautiful countries in Central America, with riches incalculable. Close observers, travelers and investors have been so impressed with its great potential richness as to prompt the unique saying, "If you tickle the ground with a hoe, it smiles back with a yam."

The guiding force of Guatemala is its President, Manuel Estrada Cabrera, who was born in Quezaltengo, Guatemala, on the 21st day of November, 1857, succeeding General Reina Barrios during the tragic events of February, 1898. He was later elected Constitutional Chief Executive of Guatemala on October 20, 1898, since which date that masterly hand has guided the republic through peaceful years to the shores of prosperity, which cannot fail to have beneficial effects on its future development.

Guatemala has a good system of primary education, supported by the Government with some 2,000 public schools and a university for the study of liberal professions. It is of interest here to make mention that English is compulsory and proficiency in that language is recognized as a prerequisite to the degree of bachelor of arts.

According to the report of the Secretary of Finance of the Government of Guatemala, made under date of April 14, 1915, its debt amounted to $13,304,759.79 United States gold, made up as below:

English debt..	$11,785,314.39
Internal debt..	1,519,445.40

Their external obligation consists of what is called the English debt of four per cent., which was not contracted by the present administration, but dates back from the time when all Central America was one federation of republics, or in other words, since the independence of Guatemala, which was established in the year 1821.

Upon the breaking up of the Federation three-fourths of this obligation fell to Guatemala, while the remainder but one-fourth was allotted to the other four republics. Subsequent administrations increased the debt by additional loans and delinquent interest, until it reached the aforementioned figure. No new foreign loans have been contracted by the present government, although it is learned that negotiations have recently been opened towards the placing of an additional $3,000,000 United States gold for municipal improvements in the City of Guatemala.

Only during the last few years has Guatemala effected a material settlement with its English creditors in resuming payment of interest and it may be pertinent to here give the particulars of that debt as also other obligations which the government has contracted

The Decree of August 7, 1895, recognized the:

Indebtedness of	£ 1,600,000.
Amortization payment	117,200.
Debt remaining on June 30, 1898	£ 1,482,800.
To which was added interest in default from December 30, 1898, to June 30, 1899, at four per cent.	29,660.
Bringing a total of	£ 1,512,460.
To which is added interest in default on £1,482,800 from July 1, 1899, to June 30, 1913, i. e., thirteen years, at four per cent.	830,368.
Also interest in default on £29,660 from July 1, 1901, to June 30, 1913, i. e., twelve years at four per cent.	14,234,17.7
Showing a total indebtedness at present of	£2,357,062.17.7

The floating or internal debt constitutes:

1. "Bonos Del Ferrocarrill Del Norte" bonds of the Northern Railway. In circulation to March 17, 1906; and
2. Internal debt. In circulation to April 8, 1910.

Ferrocarril Del Norte:

Bonds in circulation	$ 2,513,900.00
Interest in default to December 31, 1914	2,483,091.00
Total debt expressed in Guatemalan paper money	$ 4,996,991.00

Internal debt:

Bonds in circulation	$ 3,667,000.00
Fractional bonds issued	7,286.08
Interest in default	7,174,053.00
Total debt expressed in Guatemalan paper money	$10,848,339.08

The report also shows an open obligation of the "Ferro-Carril Central"—Central Railways of Guatemala—and this account appears made up as follows:

annually for interest, which are conveniently cared for, as the republic has a favorable trade balance of approximately $3,500,000 United States gold and a net internal revenue of $1,000,-

Principal	$ 296,703.00
Interest at six per cent. from September 15, 1898 to December 31, 1914.	288,096.60
Total debt expressed in United States gold	$ 584,799.60

Recapitulation of obligations converted into United States gold dollars:

English debt, £2,357,062.17.7	$11,785,314.39
Internal debt, $15,845,330.08 G/M	934,645.80
Internal gold debt	584,799.60
Total debt expressed in United States gold	$13,304,759.79

To this latter amount may be added an obligation of $117,853,635.29 Guatemalan paper money, which appears to be owing the banks of issue for advances, which, while an obligation, can readily be liquidated when considering that at prevailing rates of exchange it takes but five cents United States currency to purchase one peso of Guatemalan paper money.

The services of the English debt require only $300,000 United States gold

000 to $2,000,000 United States gold. In naming these figures, however, it must necessarily be taken into consideration that the European war, together with prvailing inadequate transportation facilities will tend to decrease the Government revenues as also customs taxes, which have been stated represents the larger portion of their income. The internal indebtedness which amounts to approximately $8,000,000 United States gold, has been found difficult to

liquidate with the result of constantly increasing the obligation by delinquent interest payments.

The English loan, however, in spite of the expenditure of large sums on public works and charitable institutions of the country, has received its interest in advance and this feature is being very favorably commented upon by British capitalists. These bonds have been quoted during the greater part of the year at 40 to 41, netting the holders nearly ten per cent. per annum.

Unlike many other Latin-American republics the municipalities of Guatemala have no bonded indebtedness and their temporary advances from local banks are automatically repaid from taxation. With the promulgation of a Decree, the Government entered into an agreement with the banks to provide for mutual obligations, giving the country a medium of circulation in paper money—guaranteed by the banks and in a measure by the Government alike. This currency has for many years been on a depreciated basis—inconvertible on account of no specie upholding its value—and it is estimated that the total amount outstanding at the present time is approximately $100,000,000 pesos, the further issue of which, however, is being discouraged and may tend in this way to maintain a rating without too wide a range of valuation.

While the external transactions of Guatemala are liquidated in gold and the duties in part imposed on that basis, the actual currency of the country consists of notes—theoretically payable in silver but not so redeemed—issued by the following six banks:

Banco Internacional de Guatemala.
Banco Colombiano.
Banco de Guatemala.
Banco Agricola Hipotecario.
Banco Americano de Guatemala.
Banco de Occidente.

Authorities affirm that it would take approximately $12,000,000 in gold to place and maintain the country on a gold basis.

Supply and demand alone regulate not only the value of the currency, but also the rate of exchanges. What chances there may be for converting the paper money now in circulation into specie bills depends wholly upon the desire of the government to effect a suitable currency reform.

Among the measures taken to meet these economic difficulties stands the decree of recent date which authorizes the coinage and circulation of $2,000,000 G/M in copper coins of 25 and 12½ centavos to stabilize the medium of circulation and facilitate business transactions. To prevent these coins from being shipped out of the country—as has been the case with former metal coinage—a restrictive measure has been placed in effect prohibiting the export of copper, aluminum, zinc and other alloys.

The fiscal requirements in providing for good government in the republic and economic developments on the other hand, encourage the belief that if instead of gold the silver standard be adopted, Guatemala's interest would be better served, although the rise and fall in value of the white metal may create uncertain consequences, and for one reason or another the necessity of changing the monetary system has not heretofore made itself vitally felt with the government. Inconvertible paper money may even enlist energetic supporters, especially among coffee growers and producers in general who find it profitable to pay their laborers in paper money and receive gold for their exports.

In the face of these arguments, however, we must not lose sight of the fact that many disadvantages which result from the depreciated paper peso necessarily affect Guatemala in its foreign commerce as in domestic transactions, by making dearer all articles of consumption and so encouraging the importation of poorer grades of food and necessities of life. This likewise applies to the importation of machinery necessary in agriculture and other industries, and in no small measure to the increased burden of the taxpayer to pay for the government purchases and

services in foreign countries which are made in the equivalent of gold.

It must be remembered that in reforms of a monetary character the exchange depends on the balance of trade rather than the economic balance. The relation of gold and silver with inconvertible paper money cannot always be arranged by legislative act.

Guatemala has only one means of going over to a gold or silver standard and that is to cultivate its own industries, extending principally its agricultural development. This cannot be the work of a day. Other nations were years and years accomplishing this end.

A change to a metal standard would undoubtedly prove of great benefit to commerce. On the other hand agriculture might suffer thereby and it may perhaps be wiser to establish a system where the paper peso would be given the value of 50 cents gold guaranteed by a commensurate deposit of like metal which would no doubt lend stability to foreign exchanges as well.

There is said to be about $750,000 in the United States gold in the republic and approximately 100 to 110 million pesos of Guatemalan paper money in circulation.

A few observations may not be amiss in relation to government finances and the figures to follow may prove convincing in that respect:

The yield of the public revenue in 1915 was $85,007,704.74 G/P pesos, as against $82,399,924.55 G/P pesos in 1914.

The public expenditures for 1915 were $67,841,283.64 G/P pesos, which exceeded the amount estimated by $7,778,643.65 G/P pesos.

The total value of trade in 1915 was $16,639,061.99 gold, as against $22,085,141.48 gold in 1914. On the other hand between the imports amounting to $5,072,473.03 gold and exports aggregating $11,566,585.96 gold, there was left a favorable trade balance for Guatemala of $6,494,109.93 gold.

Two causes especially affect Central American trade and finance, the loss of the usual markets in Europe and the inadequacy of transportation facilities. The Republic of Guatemala in particular lost its normal outlet for coffee, the largest of its export commodities.

A very cordial feeling has been developed in Guatemala towards the United States, and while a good portion of their imports originate in this country, a much larger percentage of business transactions should be exploited as a result of the favorable opportunities at present. To make our appeals forcible it becomes necessary to invest more capital in the republic, to extend more liberal credits, to improve banking facilities for export trade and to make more direct and personal efforts in their markets. At present they need financial assistance and shipping facilities perhaps more than other Latin-American countries. It is essential for the maintenance of the foreign purchasing power of Guatemala to lend help in developing and marketing their products abroad.

The comparative tables which follow show the importance of our trade relations with that republic:

Exports from Guatemala to:	
Germany	$ 5,412,580.30
United States	4,874,379.19
England	1,476,706.48
France	34,185.75
	$11,797,841.72
Other countries	956,184.89
	*$12,754,026.61

Exportation through:	
Puerto Barrios	$ 5,219,870.13
Champerico	2,881,069.08
San Jose	2,259,441.82
All other ports	2,393,645.58
	*$12,754,026.61

*United States gold.

The great rise in freights has materially hampered exports and to consider only the rates on coffee from the Pacific Coast it may be stated that they increased from $23.75 to $50.00 per ton, while the enhancement on the Atlantic coast was even heavier.

The charges levied on imported goods other than customs duties in Guatemala are negligible in comparison

with the supplementary fees imposed in other Latin-American countries.

Imports into Guatemala from:

United States	$ 4,879,200.04
Germany	1,842,738.04
England	1,389,645.00
France	317,631.11
Japan and China	221,462.55
	$ 8,650,676.74
Other countries	680,438.13
	*$ 9,331,114.87

Importations through:

Puerto Barrios	$ 5,392,207.64
San Jose	980,010.40
Champerico	690,600.28
Other ports	286,024.78
	$ 7,348,843.10
Import duties	1,982,271.77
	*$ 9,331,114.87

*United States gold.

Reciprocity with any country bears but little weight unless it is supported by an efficient transportation system. To-day ships are the real masters of foreign trade and contribute most powerfully to the progress and prosperity of a country, which point cannot be too strongly emphasized.

On January 19, 1908, the first locomotive from the Atlantic shore reached the capital of Guatemala, since which date rail transportation has steadily advanced, with the result that there are at present about five hundred miles of railway in the republic. The system includes a transcontinental line from San Jose on the Pacific Coast to Puerto Barrios on the Atlantic, considered the best-built railway of any of the Central American lines with the possible exception of the Panama Railway. The Atlantic side of the republic is webbed with 200 miles of rail, 270 on the Pacific side and 30 for the interior.

These roads are practically all owned by American interests and represent in a measure the only investment in that republic of North American capital. German and English investments predominate in all other undertakings, principally that of coffee growing.

To develop mining the government has granted the privilege of free duty on machinery and other implements necessary for the exploitation of that industry.

Ores of iron, lead, zinc, silver, lignite of very good quality, sulphur, and rock salt are found in abundance. Prospecting for petroleum has recently been undertaken and the opinion exists that the search will be successful. The greatest obstacle, however, to a rapid progress of these enterprises is capital to adequately exploit the vast mineral deposits.

Grazing has also had considerable development, but there is little outgo of meat products, most of the cattle being consumed in the country with only the hides for export. There is much talk at present of developments in cattle raising and the government seems disposed to lend assistance to any proper venture of this kind.

It seems easier for the Central American to live on the products of his own country than for most other people and this particularly is true of Guatemala, which is primarily an agricultural country with comparatively little manufacturing and scarcity of capital for its development.

The efforts now being made to bring these people nearer to us, to understand more completely their respective points of view, their history, their literature, and to break down the barrier of language which heretofore has separated us in many ways, deserves the highest support.

The Latin-American countries are, generally speaking, in the debtor class, with foreign investments sharply divided between loans to the government and those for industrial purposes, such as railroads, public service corporations, transportation and exploitation of the soil.

The attractiveness of such investments is apparent, as they so often prove a solution of the most vital problems with which we as a trading nation are confronted. While these statements are true of Latin-America in general, both foresight and good management are requisite in our dealings, particu-

larly with Central America. The purchasing power of these republics is restricted to the extent of their exports unless new capital is invested, and a factor of the greatest helpfulness in cementing our relations with them is therefore by the free investment of capital.

On the other hand, if our friends in Central America hope to secure from American bankers credit facilities to the extent that they believe their trade justifies they must be equally willing to conform their opinions to new ideas and enthusiastically work for common progress and development.

The Banker and Our Foreign Trade

IN an address by Edward N. Hurley, chairman of the Federal Trade Commission, recently, the following views were set forth in regard to the banker and some of our business problems:

ONE of the most significant factors in foreign trade is the banker. As the wonderful foreign trade of Great Britain developed, British banks established branches and agencies all over the world. British foreign trade banks do business, for example, not only all over South America, the Orient, the East Indies and all along the coast of Africa, but far inland as well. There are branches of British banks 300 miles up the Niger, 800 miles up the Zambezi, and 1,000 miles up the Nile. When Germany began her "drive" for foreign trade she established her own banks in South America, Africa, the Orient, and the Levant. She understood the necessity of having her own banks in foreign markets if her importers and exporters were to finance their shipments as they wished, were to have the credit information needed, and were to extend the credits required.

So far as the United States is concerned we are almost without foreign trade banks of our own. Only one bank has gone into this business on any extensive scale and it has only begun. The total capital and reserves of the fifty-seven British overseas banks exceed $500,000,000. Excluding the Bank of England, these fifty-seven banks have a greater total capital and surplus than the fifty-six domestic banks of the United Kingdom with their 8,000 branches. On the other hand, although our domestic banks, loan and trust companies have a capital and surplus of $3,400,000,000, which equals all the domestic banks of all the rest of the world combined, the capital and surplus represented in our oversea banking is less than $7,000,000. And that condition exists in the face of the fact that our foreign trade is the second greatest in the world, is valued in billions of dollars, and calls for tremendous banking and financial transactions every day. This means that we are permitting our commercial rivals to do our foreign banking for us and to obtain the profits and commercial advantages that naturally result.

To establish foreign branch banks

and agencies, to place at the disposal of our exporters American financial facilities instead of compelling them to depend on British, German and French, to give the necessary information of foreign credits, and to assist our exporters and importers to finance their transactions—all this is the province of the American banker. That is his part in the organization of American business so as to hold and extend our foreign trade. It is not merely a duty. It is an opportunity. It means more business and more profits for our bank. For example, British and German foreign trade banks are well paid for carrying the credits of Latin American merchants and importers. British banks annually earn some commission or make some profit on every dollar of the nine billion dollars' worth of international bills drawn on London.

FOREIGN TRADE OPPORTUNITIES OF INLAND BANKERS

THIS is not merely the opportunity of the bankers of the coast cities. Inland bankers have their foreign trade opportunities, and you have yours right here in Ohio. In Cleveland, Cincinnati, Columbus, Toledo, Dayton, Springfield, Akron, Youngstown, Niles, Canton, Newark, Marion, Shelby, Mansfield, Hamilton and other Ohio cities overseas trade is growing rapidly and export shipments are made constantly. Furthermore, Ohio merchants and manufacturers import millions of dollars worth of commodities every year. I presume that Akron alone buys one-fourth of all the crude rubber of the world. All these transactions involve the services of bankers. In short, gentlemen, foreign trade banking business that you ought to handle passes your doors every day on its way to New York or London. This war has thrown the spotlight on the opportunity; the Government has opened the door; it is now up to you.

THE BANKER AND MORE EFFICIENT DOMESTIC BUSINESS

IMPORTANT as our foreign trade is to us, our domestic business is far more important, and I am deeply desirous of seeing it placed on the footing of efficiency that we must attain. You may say that this is the problem of the manufacturer and the merchant, not of the banker, but, gentlemen, as I see it, you bear a heavy part of the responsibility for that problem and you must do your part in its solution.

Financial Matters in the Argentine

ACCORDING to "La Nación" of Buenos Aires, it was only to be expected that the depositors of the Banco de la Nación would take advantage of the opportunity of doubling their interest by taking up bonds of the internal debt, particularly when one remembers that special facilities are afforded and the bonds themselves available as security for loans without the necessity for liquidating them on the Bolsa. Moreover, says "La Nación," the report of the manager of the bank goes to show that the Government will be able to place the necessary amount; which is just where the bank and the Government will have to proceed with caution and tact if an undue mass of deposits is not to be turned into bonds of the public debt and thus used to bolster up an abuse of credit such as is already observable in the many and important operations already weighing on the ordinary resources of the budget. In the very facility of the operation lies its greatest danger.

Limited for the present to $25,000,000, "La Nación" fears that the Gov-

ernment will be tempted to dip further into this facile source of supply. Due care must be had to the possible manipulations of speculators, quick to realize the advantages to be won out of the new facilities. Such speculation would be doubly dangerous in that it might, if uncontrolled, lead to the heavy trade balances now converted into currency and thence finding its way into the banks, emerging eventually as paper which would be part and parcel of the public debt. A vicious circle might thus be created, diverting the banking deposits to the national treasury and thence to official uses, returning to the banks in the shape of paper after having been used to cover deficits or pay for public works; a circle that would aggravate the present situation under which there are outstanding short-date loans to the total of $360,000,000, whereof some $240,000,000 are shortly due. In the self-same presidential message wherein this point is mentioned it is stated that the Government has bonds to emit to the tune of $300,000,000; being $45,000,000 in bonds hitherto withheld; $181,000,000 for water and sewerage works; $50,000,00 authorized under the current budget; and $14,000,000 anticipated revenue devoted to the construction of barracks. It is also said that the major portion of these bonds have been supplanted by the issue of short-date loans, but that explanation, as "La Nación" says, does not relieve the weight that rests on official credit and on the budget with which they must be met. Hence the new banking combination is a delicate affair from a financial standpoint, as well as offering the risks that may arise from an undue influx of deposits into the official funds serving to increase national indebtedness. Thus, concludes "La Nación," it is the place of the Minister of Finance to foresee the difficulties that may arise if the new credit system is abused.

Reciprocity in Banking

IN view of the movement to establish American banks in foreign countries, the following from the London correspondent of the New York "Evening Post" is of interest:

"In what I may call the 'press crusade' against German trade and German banks after the war, a cardinal error is being committed—that of conceiving a policy based on mere boycott of an enemy, instead of taking a larger view, and asking whether the situation is one which may not require after the war an entire remodelling of the arrangements under which foreign interests are allowed to conduct operations in London.

"In saying this I am not, of course, for a moment forgetting the enormous advantages which have accrued to London in the past by its open trade with all the world, and the cosmopolitan character of its innumerable financial houses. Nor am I paying the slightest heed to the sensational press ideas of the extent to which these foreign banks are supposed to be acting mainly as spies to learn the secrets of English trade, in order to pass them along to the country of their origin. All this makes highly interesting reading during times of war, but it is not the sort of stuff that commands any serious attention from Lombard Street financiers.

"Yet there is one aspect of the matter which deserves attention, and it is the one which may ultimately exert some influence upon international finance after the war. Just as the extreme tariff reform people will no doubt endeavor to make use of recent events as a pretext for England's becoming an actual protectionist country, so there are excited individuals who would desire to see this extremely narrow spirit of protection extended in the direction of pro-

hibiting foreign concerns from carrying on operations here at all. The probability is that a medium course will be pursued, and that not the policy of boycott, but the constructive policy, will be pursued; namely, the devising of the arrangements most suitable for local welfare.

"Applying this principle to the question of foreign banks in London, a point possibly not without special interest to American bankers, it seems probable that there will be a stronger demand in the future on the part of Great Britain for reciprocal facilities; in the absence of which, there may be greater restrictions imposed here. It must be remembered that while in many of the foreign countries it is impossible for an English bank to open without paying taxation on the whole of its capital, no such rule applies here. Again, with regard to profit earned, there is no doubt that the English agencies of foreign concerns escape too lightly in the matter of income tax charges. Finally, there is a growing feeling that whenever a foreign bank opens in London and takes deposits, that bank should be compelled to comply with every requirement of English law. It is one thing to show full hospitality to all foreign banking institutions, and quite another thing for those institutions to be able actually to compete unfairly for English business."

[At the Pan-American Commercial Conference in Washington in February, 1911, the Editor of THE BANKERS MAGAZINE stated in an address that if we expected to invade the foreign banking field we should have ourselves to practice banking reciprocity.]

Standard Bank of South Africa, Ltd.

THE Standard Bank of South Africa, Ltd., on December 1 opened a branch of the institution at Daressalaam in the territory formerly designated as German East Africa, which has since been occupied by the British.

Proposed Boycott of German Banks

THE propriety of excluding German banks from doing business in London after the war ends is thus urged by the "Stock Exchange Gazette" of London:

"On the large question of the position of enemy banks after the war, the Chancellor of the Exchequer still preserves a suspicious silence. Surely it is high time that he should make a definite announcement on the subject on behalf of the Government. It is unthinkable that these institutions should be allowed to resume their operations after the war, and that German financiers should once again be permitted to exercise their insidious influence over our commercial and financial affairs. In the past enemy banks enjoyed privileges in this country which British banks never possessed in Germany. Even now, if some arrangement for reciprocity were possible or were offered to us, we feel confident it would be rejected by the force of public opinion. If we are to be masters in our own house after the war we must keep out everything in the shape of German influence, and especially that of the banks. The Government may permit German bank managers to frequent Lombard street during the progress of the war, but it will never be permitted to do so when peace is restored. Its extraordinarily lenient and foolish policy has excited such indignation that the question of excluding, both now and in the future, enemy aliens from participation in any kind of commercial and financial business has become a burning topic both in city and political circles. If we are not mistaken, the agitation in favor of a rigid boycott of Germany and all her works is likely to gather strength as it proceeds, so that before many weeks elapse the Government will be forced, in response to public opinion, to do something. At present its official spokesman is not in a position to make any statement. In other words, his colleagues and himself have not yet made up their minds or formulated a policy. Sooner or later they will be compelled to do so; and the sooner the better."

Ernesto Tornquist & Co.

AT the annual meeting of shareholders of Ernesto Tornquist & Co., Ltd., held at Buenos Aires, October 16, the following report and balance-sheet, were presented:

Before we submit to you the audited balance sheet and the profit and loss account of our company for the tenth year of its existence as a limited company, to June 30, 1916, in accordance with the twenty-fifth article of our statutes, we have to fulfill the painful duty of informing you of the loss of our auditor, Dr. Juan José Romero, who died on November 30, last year. Dr. Romero was an eminent citizen, a prominent jurisconsult and a sincere and disinterested friend, always ready to impart his exceptionally reliable advice. His memory will remain indelible.

	GOLD
The net profit of the present twelve months after deduction of amortizations, general expenses and subparticipations amounts to	$1,603,236.29
(Which we propose to distribute in the following manner in accordance with the 37th article of the statutes):	
Five per cent. to the legal reserve fund to be carried forward	80,161.81
	$1,523,074.48
Six per cent. dividend to the preferred shares of gold $3,000,000	180,000
Six per cent. dividend to the ordinary shares of gold $4,500,000	270,000
	$1,073,074.48
Two per cent. to the auditors..	21,461.49
	$1,051,612.99
Forty per cent. to the directors	420,645.20
	$630,967.79
Adding balance profit brought forward from the years 1914-1915	256,669.55
	$887,637.34
To the extraordinary reserve fund	400,000.00
	$487,637.34
Second dividend of six per cent. to the ordinary shares of gold $4,500,000	270,000.00
Balance to be carried forward to new account	$217,637.34

If our proposal is accepted the capital and reserves will have amounted on July 1, 1916, to:

	GOLD
Capital	$7,500,000.00
Legal reserve	783,410.93
Extraordinary reserve	4,000,000.00
Balance of profit and loss....	217,637.34
	$12,501,048.27

THE exports from our country have not continued the ascending course of which we spoke in our last report, as the exports for the first half year of 1916 only reached the amount of gold $246,057,367—against gold $330,485,-829 during the first half year of 1915. This decline has been caused principally by the scarcity of steamers and the consequent exorbitant rates of freight. Notwithstanding this drawback the excess of the exports over the imports reached during the first six months of the present year the figure of gold $141,090,916 against gold $230,357,919 in 1915 and gold $42,717,290, in 1914.

The imports during the first six months amount to gold $104,966,451—that is gold $4,838,541—more than during the same period in 1915. The custom house receipts continue to rise and they reach so far paper $10,012,666—more than at the same date in 1915.

The good prices of cereals which had declined owing to the accumulation of stocks, have improved during the last few months and the important stocks which still remain in the country will profit thereby.

Wool, hides, quebracho in logs and in the extract thereof fetch high prices.

The exports of frozen meat have risen and compare satisfactorily with last year's figures.

ASSETS

	Pesos Gold	Pesos Paper
Cash in hand and at banks	$37,689.08	$3,305,104.37
Participations as sleeping partners	460,000.00	....
Accounts current, correspondents, bills discounted, shares, securities and secured advances—balance	17,346,732.56	10,794,607.04
Real estate: Our bank premises and other urban and rural properties—balance	617,417.17	6,641,987.63
Title deeds and securities deposited by third parties	1,097,145.77	4,010,199.00
Bills received for collection	766,594.50	601,623.46
Sundry accounts	277,569.92	33,297.71
Conversion—balance	....	565,616.25
	$20,603,149.00	$25,952,435.46

LIABILITIES

	Pesos Gold	Pesos Paper
Capital: 22,500 ordinary shares of gold, $200 each, gold $4,500,000.00; 15,000 preferred shares of gold, $200 each, gold $3,000,000.00	$7,500,000.00	....
Legal reserve	703,249.12	....
Extraordinary reserve	3,600,000.00	....
Accounts current, correspondents, secured advances and acceptances—balance	3,980,628.86	$19,272,982.43
Depositors of title deeds and other securities	1,097,145.77	4,010,199.00
Bills to collect for third parties' account	768,563.12	601,622.38
Sundry accounts	744,785.14	2,067,631.65
Conversion—balance	348,871.15	....
Profit and Loss: Balance of the years 1914-1915, gold, $256,669.55; profit of the years 1915-'16, gold, $1,603,236.29.	1,859,905.84	....
	$20,603,149.00	$25,952,435.46

The national industries in general are very active.

Our production of sugar has this year been but poor owing to last summer's drought and strong frosts in the winter which have considerably injured the cane. The deficit in the yield of sugar is estimated at 80,000 tons against which 30,000 tons have already been imported from Brazil, North America and Cuba.

The gold which is the guarantee for the note-circulation, amounts at present to gold $326,828,319.62, so that the proportion between the gold and the paper money is 73.32 per cent. In view of this growing accumulation of gold the executive power has just submitted to Congress a project of a monetary law which would modify the present system.

The Government continues to import the gold which is deposited with the Argentine legations abroad.

It is too soon as yet to express an opinion concerning next crop, the prospects of which, in general, are, however, favorable.

Business in real estate continues to be lifeless.

The failures have decreased and the total amount of their liabilities during the first nine months of the present year reach paper $82,424,830—say about half as much as during the same period of last year.

On the whole, the enonomic situation of the country is improving gradually.

Royal Bank of Scotland

THE report of the Royal Bank of Scotland for the year ending October 14, 1916, shows that the net profits for the year after providing for all bad and doubtful debts, amounted to £338,420. Out of this £82,500 was paid as a midsummer dividend at the rate of ten per cent. per annum, less income tax, and also £75,000 as a similar dividend at Christmas. £6,500 was applied to writ-

ing off expenditure on bank buildings and heritable property and £174,420 in writing down stocks.

The bank on October 14 had total resources of £27,997,007 and deposits of £21,966,710. Capital was £2,000,000 and rest £800,986.

In order to assist the Government in financing the war, the directors, in the course of the year, have sold a number of the bank's investments and have invested the proceeds in British Government securities. They have also, in response to the request of the Government, lent to the Treasury such of the other investments as are specified in their schemes for regulating the foreign exchanges, and in association with other banks have undertaken to open foreign credits on behalf of the government and the Allies.

Growth of U. S. Trade With West Africa

ROY WILSON, manager of the Bank of British West Africa, Ltd., Liverpool, who has been in New York recently arranging for the opening of a New York office for his institution, made the following statement about the growth of business between the United States and British West Africa:

"The growth of business between this country and British West Africa has been extraordinary," declared Mr. Wilson. "More produce is coming here from the west coast of Africa than ever before. Large quantities of cocoa and oils that are wanted by the American people now are being exported. Formerly most exports from British West Africa went to England first. Since the war, however, shipments are being made direct. The Gold Coast colonies are one of the largest producers of cocoa in the world. I estimate that this year at least one hundred thousand tons of cocoa will be exported from there.

"Because of the lack of tonnage, not as much lumber is being brought here as formerly. When the shortage of bottoms is lessened, however, I think more fine timber will come to the United States.

"There is a wonderful opportunity open to American manufacturers at the present time to develop trade with British West Africa. Already a large number of Americans are taking advantage of the situation. Large shipments of hardware now are being made from here. The business men of this country have a chance to begin where Germany left off in British West Africa when the war started."

To Bankers Magazine Readers

IT is the purpose of the publishers of THE BANKERS MAGAZINE to make this publication of even greater interest and value to bankers in the future than it has been in the past, and to that end the coöperation of readers is cordially invited.

You who are doing the actual work of the bank, whether as clerks or officers, must gain much fresh information which you would be willing to pass along.

It may be a new and effective method of getting business, or improved systems of working or of management, an especially productive advertising campaign, some new angle of banking that makes your institution more helpful to the community; or it may be you encounter amusing experiences or hear a good bank story.

Whatever your contribution may be along any of these lines, and any other line that may suggest itself to you as being calculated to make this MAGAZINE of greater interest and benefit to the bankers of the country, will be gladly received.

To make THE BANKERS MAGAZINE the worthiest possible representative of American banking, your help is needed. May we count on having it in the way indicated above?

THE EDITOR.

Main Banking Floor of the Fifth Avenue Office, Guaranty Trust Company of New York

Modern Financial Institutions and Their Equipment

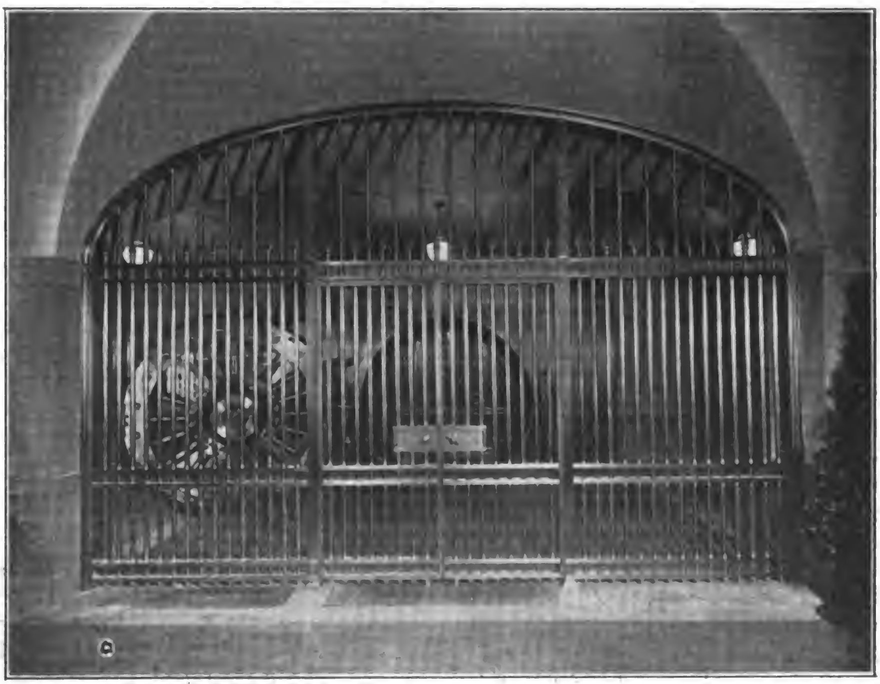
New Quarters for Fifth Avenue Office of the Guaranty Trust Company

THE new home of the Fifth avenue office of the Guaranty Trust Company of New York, on the southeast corner of Fifth avenue and Forty-third street, exemplifies the latest developments in banking conveniences.

Every modern appliance has been installed. In the working portions, for instance, every desk, filing case, drawer and receptacle was especially designed to meet the needs of its particular employment. Illuminated buttons take the place of buzzers or other audible signals.

The trust company occupies three floors of the new building directly across Fifth avenue from its former quarters. The banking room, on the ground floor, is exceptionally well lighted by many large windows which extend nearly to the ceiling. The artificial illumination is supplied principally from chandeliers of handsome design. The spacious department for women depositors is tastefully decorated and furnished, and has every accessory for their comfort and convenience. The second floor is occupied by the accounting and bond departments. A committee room is also on this floor. The dining and club rooms for the employes are on the top floor of the building.

Interior View of the New Vault of the Guaranty Safe Deposit Company, S. E. Corner Fifth Avenue and 43rd Street. It contains about 5,000 Steel Safe Deposit Boxes



Steel Grille and Entrance to New Vault of the Guaranty Safe Deposit Company, S. E. Corner Fifth Avenue and 43rd Street

The 40-ton Door and Main Entrance to One of the Largest Bank Vaults in the World, Guaranty Safe Deposit Company, S. E. Corner Fifth Avenue and 43rd Street. The Telescopic Box at the right reveals the Combination Dial only to the person who manipulates it

The vault of the Guaranty Safe Deposit Company occupies the entire space below the street surface. The safe deposit vault occupies a space forty-four feet long by thirty broad. The ceiling is nine and one-half feet high, and the walls about two and one-half feet thick. The entire mass composing the vault weighs nearly 2,000 tons and rests upon steel pillars. There is a foot and a half space below the vault, while that above varies from one and one-half to four feet. These spaces are kept constantly illuminated and every part of them is made visible by means of angle mirrors.

The main door of the vault weighs nearly forty tons, is about three feet thick, and looks like a breechblock of a huge cannon. It is so accurately balanced that it can be swung shut by the slightest pressure. The polished steel lining of the vault is brass-bordered and the crossings of the ceiling panels are executed with brass stars which are repeated in the black mosaic floor, which is also divided into panels by brass divisions that harmonize with the hinges of the nearly 5,000 steel safe deposit boxes.

The single mirrors forming the wall panels at the end of each cross aisle, between the tiers of safe deposit boxes, are an additional element of protection, for they eliminate every "dead corner" that might offer a place of concealment.

The vault is so perfectly ventilated that even in the remote corners of the side aisles the air is absolutely fresh.

Until recently the combinations, even of the most important vaults of this character, were placed on the vault doors. In this vault the combination is placed on the jamb of the door, at the bottom of an electrically illuminated steel cylinder, and can be seen only by the person manipulating it. The mechanism of the combination might be blown away by a powerful explosive without impairing the impregnability of the safe itself.

The Guaranty Trust Company of

New York organized its Fifth avenue office in 1910 and absorbed the business of the Fifth Avenue Trust Company. The business grew steadily, and the quarters on the southwest corner of Fifth avenue and Forty-third street were enlarged from time to time, but within the past year, with deposits of approximately $40,000,000 and a staff numbering more than 100, these offices became too small, and it was decided to remove to larger quarters, which was done on December 18 last.

The Fifth avenue office of the Guaranty Trust Company of New York is in charge of Charles M. Billings, vice-president; Walter Meacham, assistant secretary; L. D. Stanton, assistant treasurer, and M. J. Dumont, assistant secretary.

Book Reviews

FUNDAMENTAL SOURCES OF EFFICIENCY. By Fletcher Durell, Ph.D. Philadelphia: J. B. Lippincott Company. (Price $2.50 net.)

THIS work attempts to analyze the various forms and sources of efficiency into a few elemental principles. By a study of the primal elements of efficiency it is thought that the reader may be assisted in applying these elements to any given field. While the book is in a form adapted to general reading, groups of exercises have been inserted which add to its value as a textbook in any institution where the principles of efficiency are taught either generally or in any specific field.

THE ELEMENTS OF INDUSTRIAL MANAGEMENT. By J. Russell Smith. Philadelphia: J. B. Lippincott Company. (Price $2.00.)

THIS book deals in the fundamental principles of industrial management. It does not attempt to supply that definite knowledge which experience alone can give, but furnishes rather the basic theories and a grasp of the entire subject. It covers such important topics as the following:

Advantages of large scale production; overhead charge as a management factor; dumping; standardization and specialization; location of industries; the model factory; labor; wages; control of the working force; reorganization.

For the banker who wishes to obtain a grasp of the business problems of his industrial clients this book will be found particularly valuable.

PRODUCTIVE ADVERTISING. By Herbert W. Hess. Philadelphia: J. B. Lippincott Company. (Price $2.15.)

THAT advertising is producing real, business-building results for banks as well as for those who have something more tangible for sale has come to be an accepted fact. Bankers that scorned it ten years ago are now becoming thoroughly alive to its possibilities for good in their institution.

In "Productive Advertising" Mr. Hess has produced a book which will give the beginner in advertising a real grasp of the entire subject—not alone its principles and theories, but its mechanical and technical practice. The book is copiously illustrated—showing concrete examples of every kind of advertisement. This volume should prove a welcome addition to the library of every financial advertiser.

Thrift Day, February 3rd, and its Direct Benefit to Financial Institutions

By CARLISLE P. STANTON

Illustrated with Educational Pictures Utilized in the Nation-wide Thrift Movement by Collins Publicity Service

THRIFT DAY, February 3rd, 1917, will be a red letter day for the financial institutions of America. Far and wide the idea of a set day for the national observance of Thrift has been adopted. If preliminaries are any criterion of a movement's success, then that of THRIFT DAY will be universally great and enduring.

For financial institutions THRIFT DAY has many special advantages. And not only savings bank, but trust companies, commercial banks and others will all directly benefit. The THRIFT DAY stimulus will produce a beneficial influence that will be clearly felt by all.

THE public character of THRIFT DAY tends to overcome diffidence and timidity in the prospective bank depositor. The plain man, with his instinctive awe of institutions, shrinks less from entering the bank in company with others bent on the same mission. The THRIFT DAY spirit makes him feel at one with his fellows.

THE FIRST STEP

The average person's reluctance to initiate a new habit is largely overcome on THRIFT DAY. Said Aristotle, "Man is a political animal," i.e., living in cities gregarious. The same truth is exemplified in THRIFT DAY. Man's gregariousness induces him to follow the crowds and on THRIFT DAY start saving and acquire the popular Thrift habit.

Many potential depositors, who have the wish and not the will to save, find in THRIFT DAY an incentive to action. A special day for the performance of a special act transforms mere desire into definite accomplishment. That first step taken toward the acquisition of a new habit, and the rest is easy.

An unique and effective topic for advertising is further provided by THRIFT DAY. Concentration of the collective mind of the community on ways and means to Thrift must benefit the banker, particularly when the subject is of such universal discussion and

promulgated so widely from other sources.

The observance of THRIFT DAY generally means that merchants will incorporate and emphasize the word "Thrift" in THRIFT DAY sales. Then advertising, which taken collectively is so important a factor in directing public thought, becomes a valuable factor in furthering universal appreciation of the necessity for securing real value at every purchase.

Publicity of such a practical nature tends to cultivate the fundamental com-

THEIR YESTERDAYS

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Collins Publicity Service, Philadelphia

WHICH IS THRIFT?

munity qualities so essential to sound banking growth.

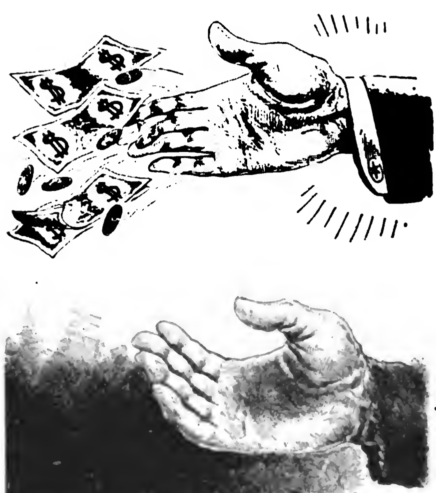
THRIFT DAY as an institution further increases the efficiency of bank employees by encouraging concentration on the subject of Thrift, and upon its successful results as observed in the cases of individual depositors. The prizes to be awarded to bank employees this year in connection with essays upon the subject of THRIFT DAY will also serve to stimulate an added interest that must prove of value to the institutions with which they are connected.

Not the least of the many THRIFT DAY advantages is the opportunity afforded the banker of acquainting the public with his ideal of service. It furnishes him with a subject of mutual interest with which to link his institution. It displays his sense of good-will and citizenship; shows him to be a man really able and willing to assist the other man to make the best of himself. The banker is thus brought directly before the public in an attractive role and in a new light. He is humanized in the popular eye and shown to be highly approachable—a fact mutually advantageous.

To trust companies THRIFT DAY brings additional advantages. The thrifty man keeps a healthy balance in his checking account. The thrifty man, who is generally the efficient man, appreciates the necessity of making a will and the advantage of securing the services of a trust company in an executive and administrative capacity.

Thrift as a topic of community interest is highly beneficial in many ways. It profits the individual through increased earning capacity brought about by a more profitable use of time and energy. It means more effective individual spending and therefore greater permanent value in return for effort. It furthers the building of individual bank accounts and adds to the number of those utilizing the services of financial institutions.

The practice of Thrift develops higher collective efficiency based upon the greater capacity of individuals. It makes for increased and more efficient production among the industries. This again reacts favorably on financial in-



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Collins Publicity Service. Philadelphia

THE SAME HAND

stitutions by increasing the volume of commercial business.

Permanence is a characteristic of THRIFT DAY'S observance. The tendency is to develop qualities not only evidenced on February 3rd, through the opening of accounts or otherwise, but that exert their beneficial influence throughout the year; that make for a more prosperous community—a more fertile banking field.

The THRIFT DAY movement has obviously a large and permanent value for banks and financial institutions. In its widest sense it creates for the banking professions a new sphere of influence that is directly beneficial. It furthers a more intimate and friendly relationship between the banker and the public; a closer mutual confidence and a better understanding of the spirit of the community. THRIFT DAY should be featured to the full by every banker.

Red, White and Blue Thrift Day Poster Stamps Are Being Used by Thousands of Financial Institutions, Merchants and Individuals, for the Envelopes of Their Outgoing Mail

Bank of England Appointed Federal Reserve Agent

UNDER a section of the Federal Reserve Act, the Board on December 25 authorized the appointment of the Bank of England as a foreign correspondent of the Federal Reserve Bank of New York, and has announced that the eleven other reserve banks might participate in the agency relations.

Connections with other foreign governmental institutions, such as the Bank of France, is foreshadowed, officials say, by this action. The Bank of England is the first foreign correspondent whose appointment has been authorized since the operation of the new financial system in this country.

In its statement announcing the action, the Board said:

"The Federal Reserve Board has authorized the Federal Reserve Bank of New York to appoint as one of its foreign correspondents and agents, the Bank of England of London, England, under the terms of the Federal Reserve Act.

"Section 14 of the act permits any Federal Reserve Bank with the consent of the Federal Reserve Board to open and maintain banking accounts in foreign countries, appoint correspondents and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling and collecting bills of exchange arising out of actual commercial transactions, so that a broad field of operations is possible under it.

"In granting the authority to establish this agency, the Board has authorized the Federal Reserve Bank of New York to maintain accounts either for or with the Bank of England, so that operations both in England and in the United States are possible.

"Other Federal Reserve Banks may participate in the agency relationship with the Bank of England upon the same terms and conditions that will govern the Federal Reserve Bank of New York if they so desire."

The Outlook For 1917

By JAMES B. FORGAN, Chairman of the Board of the First National Bank of Chicago

THE growing balance of trade in our favor and the stoppage of expenditures by American travelers abroad resulting in an enormous gold importation, referred to a year ago as the cause of the low interest rates prevailing during 1915, have continued through 1916, with increasing momentum.

The large volume of business done, the sale in this country of American securities formerly held abroad, together with the flotation of foreign loans and the extension of foreign credits, have afforded the money market such opportunities for investment that notwithstanding the enormous accumulation of gold, bank credits have expanded out of proportion to the cash reserves which have flowed into the banks through the gold importations. During the year between September, 1914, and September, 1915, the deposits in national banks were increased by $1,007,000,000, and during the same period their excess legal reserves were increased by $318,000,000. During the corresponding period for 1915 and 1916 while deposits were increased $1,700,000,000, excess reserves were only increased by $23,000,000. The result is that the percentage of legal reserves held by the banks against their net deposits declined during the past year from 25.26 per cent to 23.86 per cent. This may seem a small reduction. It should, however, be borne in mind that the banks are still including as a part of their legal reserves their balances with their approved reserve agents in the reserve and central reserve cities. These balances on September 12 amounted to $936,000,000, while their total surplus reserves amounted to $891,000,000, and were held as follows: Excess in vaults, $122,000,000; excess with Federal Reserve Banks, $56,000,000; excess with approved reserve agents, $713,000,000. Since this statement was published, the banks, in November, made their final deposit of legal reserves with the Federal Reserve Banks. By the provisions of the Federal Reserve Act these balances with approved reserve agents will cease to count as legal reserves after November 16, 1917, and if the recommendations of the Federal Reserve Board now before Congress in the shape of an amendment to the Federal Reserve Act introduced by Congressman Glass, are put into effect they will cease to count as legal reserves early next spring. While therefore these balances will, of course, be available to the banks owning them for other purposes, they will not count as any part of their legal reserves and the excess legal reserves will thus be suddenly reduced by over $700,000,000, after which, while it will make but slight practical difference in their cash resources, they will have very little excess in their legal reserves.

The following facts are, I think, significant:

1. The large fund released for the expansion of bank credits when the legal reserve requirements of the banks were reduced two years ago has been completely absorbed in the enormous expansion which has taken place during that period.

2. All the gold imported during the same period has been similarly absorbed.

3. The change ahead of us in the method of computing the legal reserves of the banks will to a considerable extent have exactly the reverse effect to that produced two years ago by the reduction in the legal reserve requirements

of the banks which released a large fund for loaning purposes.

These facts and existing conditions lead me to the conclusion that expansion of bank credits cannot continue through 1917 with anything like the momentum of the past two years and that even with a continuance of the influx of gold money rates for commercial purposes will rule higher during 1917 than they have during 1916.

It is understood that the Federal Reserve Board is now giving consideration to a suggestion that the percentage of reserves to net deposits required of member banks in the Federal reserve system should be further reduced and that all reserves required by law should be kept on deposit with the Federal Reserve Banks.

This would leave to the discretion of each member bank the amount of cash to be kept in its vaults and the amount to be carried on deposit with correspondents in the reserve and central reserve cities. The member banks would, of course, have to keep in their vaults a sufficient supply of cash of kinds to suit their individual convenience and necessity, and a sufficient amount on deposit with their correspondents to cover their exchange operations.

As with this change there would be no occasion for making Federal reserve notes good as legal reserves for member banks, it would finally settle that much mooted question. Gold would still further be mobilized in the Federal Reserve Banks, where it should be, while Federal reserve notes would have wider circulation and thus the Federal reserve system would be materially strengthened. The further reduction in the legal reserve requirements might to a small extent release some funds which would become available for further loan expansion, but as already stated, the discontinuance of counting balances with approved reserve agents as part of the legal reserves will have just the opposite effect. If it is arranged that both changes shall take place simultaneously, the effect of the one would probably just about offset that of the other.

Telegraphic Transfers by the Federal Reserve Bank of New York

THE Federal Reserve Bank of New York, under date of December 30, 1916, issued the following circular letter:

"One of the purposes of the Federal Reserve Act is to render the banking resources of the country more mobile and readily available to all sections. In order to make this purpose effective and to provide a prompt, economical and safe method of transferring funds throughout the country, you are advised as follows:

"For the present, and until further notice, the Federal Reserve Bank of New York will make telegraphic transfers for its member banks without expense other than the cost of telegram, (a) to a member bank within this district, or (b) to a member bank outside of this district through the Federal Reserve Bank of its district.

"This will enable you to make any excess balances or deposits with this bank immediately available with any Federal Reserve Bank or member bank of this or any other Federal reserve district, thus rendering this service at a nominal expense, and should also decrease the economic waste incident to the shipping of large sums of currency from one part of the country to another.

"*Transfers by mail* will be made as heretofore both within and without this district without charge."

Banking and Financial Notes

EASTERN STATES

New York City

—Plans for opening a bank in New York by Scandinavian interests working in conjunction with several important New York commercial houses, have practically been completed. The institution will be backed by a capital of $2,500,000 furnished by Norwegian and Swedish interests and will be called the Norwegian-American Bank. The arrangements for the formation of this bank have been in charge of Knut Bache, representing Andresens Bank of Christiania, Norway; S. E. Dahl and G. K. Hegge, also representing Norwegian banking interests. Norwegian ship owners, exporters and importers, having interests here, it is understood, were given opportunity to participate. The capital is said to be guaranteed by the Scandinavian banks.

—The Bank of British West Africa, Ltd., has established a fully equipped agency in New York, occupying commodious quarters on the first floor at 6 Wall Street. The branch will be under the management of Robert Roland Appleby, and the agency will be prepared to issue letters of credit, make remittances by draft or cable, and negotiate or collect bills payable in England, West Africa, Canary Islands and Morocco.

The Bank of British West Africa was established in 1894 with authorized capital of $10,000,000, of which $5,000,000 has been subscribed and $2,000,000 paid in. The reserve stands at $750,000. The trade between New York and West Africa has influenced the opening of this New York branch, as the business is considered of a permanent nature, and is growing rapidly.

The new offices were opened by Roy Wilson, manager of the bank in Liverpool, pending the arrival of Mr. Appleby from South Africa.

—John H. Fulton, president of the Commercial National Bank, and the Commercial-Germania Trust and Savings Bank, New Orleans, La., has been elected vice-president of the National City Bank of New York.

—The Equitable Trust Co. has elected three new directors—Franklin McCutcheon of the law firm of Byrne, McCutcheon & Taylor; Carl B. Gray, president of the Western Maryland Railway, and Henry H. Pierce of Sullivan & Cromwell. Morris K. Parker was elected a vice-president and James Minotto

was elected assistant manager of the foreign department.

—Reginald W. Pressprich, three years vice-president of the Equitable Trust Co., in charge of bond and investment department, has resigned. Morris K. Parker has been appointed in his place.

—The Corn Exchange Bank will soon open a branch at the corner of 166th street and Broadway. At the present time this bank operates thirty-six branches.

—The Metropolitan Trust Co. at a recent meeting of its executive committee decided to give a Christmas bonus to employees of ten per cent. of their yearly salaries. This is an increase over the usual six per cent. bonus of previous years.

—Employees of the Mechanics and Metals National Bank have received a bonus ranging from five per cent. to fifteen per cent. of annual salaries, according to length of service and amount of income.

—The statement of the Guaranty Trust Co. of New York as of November 29 exhibits deposits of more than $458,000,000, as compared with deposits of $418,549,861.99 one year ago. The total resources are $569,090,444.28, a gain of $63,354,340.10 over the figures of December, 1915.

These figures are especially interesting at this time in connection with the announcement made by the company relative to dividends and profit sharing distribution for employees. The board of directors of the institution at their meeting on December 6 declared a regular quarterly dividend of five per cent. and an extra cash dividend of twelve and one-half per cent. At the same time, the board voted a distribution of profits to the employees. It set aside $300,000 for this purpose. The one thousand employees will receive this in addition to the substantial salary increases which, under the comprehensive salary plan adopted by the company several years ago, are given annually to employees in accordance with position and service.

—The National Bank of Commerce announces a disbursement of sixteen per cent. of annual salaries to employees receiving $2,000 or less, and twelve per cent. of salaries between $2,000 and $4,000. This bonus is to be paid in five monthly installments, beginning January 31, 1917.

—The main banking room of the Chatham & Phenix National Bank has been removed from 192 Broadway to 149 Broadway (Singer Building), where attractive quarters have been provided.

—Carroll Ragan, who for a number of years has been engaged in advertising and publicity work in New York, has accepted the post of publicity manager for the United States Mortgage and Trust Company, succeeding L. A. Mer-

shon, recently appointed secretary of the trust company Section of the American Bankers Association.

Before coming to New York, Mr. Ragan was a newspaper reporter and editor in the Middle West. During the past year he has been active in the nation-wide thrift campaign which is being conducted by the American Bankers Association through the savings bank Section.

—Morris J. Dumont has been appointed an assistant secretary of the Guaranty Trust Company of New York. Mr. Dumont, who is thirty-five years old, has been connected with the company for sixteen years, starting in as messenger and working his way up through various departments of the institution. For the past five years he has been in charge of the bond department of the Fifth avenue office.

—The directors of the Empire Trust Company voted a special bonus to all employees of the company which, with the comprehensive profit-sharing plan inaugurated several years ago, totaled about twelve and one-half per cent. of the year's salaries.

—The New York Trust Company has been appointed registrar of the voting trust certificates of the Minerals Separation North American Corporation.

—The American Exchange National Bank announces the election of Joseph A. Skinner to its board. Mr. Skinner is treasurer of William Skinner & Sons of New York City and Holyoke, Mass. He is also a director of the Farr Alpaca Company, and of the Springfield Safe Deposit & Trust Company of Springfield, Mass., as well as a trustee of the Mechanics Savings Bank of Holyoke and president and director of the Hadley Falls National Bank of Holyoke.

—One of the two oldest buildings in Wall street west of Pearl street is about to be removed to make room for a modern three story banking structure, which will occupy the lot at No. 68 Wall street. Construction will begin March 1, the building to be ready for occupancy about September 1, 1917.

The improvement will be made by the Hochelaga Realty and Development Company, which has made long term leases with the Standard Bank of South Africa, which will occupy the two upper floors, and with the Bank of Montreal, which will take over the ground floor in connection with its present quarters at Nos. 64 and 66 Wall street.

—Guy Emerson has been made a vice-president and H. P. Barrand an assistant cashier of the National Bank of Commerce.

Mr. Emerson, who was born in New York City January 28, 1886, is a graduate of Harvard in the class of '08 and of Harvard Law School in 1911. He was later admitted to the Massachusetts bar and subsequently became assistant to the Assistant Secretary of the Treasury

in charge of customs. When Secretary of the Treasury Franklin McVeigh appointed at Mr. Emerson's recommendation the appraisement commission, the latter was made a member. By executive order of President Taft he was later appointed a special agent of the Treasury Department. Mr. Emerson has also been engaged in business in Texas for a brief time, and in 1914 was editor of "The Economic World" of New York. Lately he has been devoting himself to a study of economic questions.

Mr. Barrand was born in New York June 20, 1890, and was educated in New York and at New York University. He has been connected with the National Bank of Commerce for the past eight years, during which time he has concentrated on the foreign field, having occupied various positions in the foreign department of the bank. In 1912 he was appointed chief clerk of the department and last November became assistant manager. The expansion of the business of this department called for a corresponding increase in the number of officers, and Mr. Barrand's qualities were recognized by his appointment as an assistant cashier.

—Three important official promotions were announced on December 11, 1916, by the Guaranty Trust Company of New York. John J. Lewis, assistant secretary, and Harold Stanley of the bond department, were made vice-presidents of the company, and William C. Bradley, assistant treasurer, was appointed manager of the bond department.

John J. Lewis is 35 years old. He received his early education in the Brooklyn public schools and began his banking

JOHN J. LEWIS
Vice-President, Guaranty Trust Company of New York

career at the age of fifteen as office boy with the State Trust Company, which was merged with the Morton Trust Company, the consolidation being later merged with the Guaranty Trust Company. Since Mr. Lewis has been with the Guaranty Trust Company he has been successively receiving teller, assistant chief clerk, chief clerk and assistant secretary.

Harold Stanley was born in 1885 at

HAROLD STANLEY
Vice-President, Guaranty Trust Company of New York

Great Barrington, Mass. He graduated from the Hotchkiss Preparatory School at Lakeville, Conn., in 1904, and entered Yale the same year, graduating four years later. His business career

WILLIAM C. BRADLEY
Manager Bond Department, Guaranty Trust Company of New York

began with the National Commercial Bank of Albany in April, 1908. He remained with this institution until the spring of 1910, when he went with J. G.

White & Co. of New York, where he became an assistant treasurer. He left this position in June, 1915, to enter the bond department of the Guaranty Trust Company.

William C. Bradley, who succeeds Vice-President N. Dean Jay as manager of the bond department, is forty-one years of age. He received his education at St. John's School, Ossining, N. Y., and at Williams College, Williamstown, Mass. He left college in his junior year to become secretary and treasurer of the Empire Engine Motor Company, later being made a director and officer of the Fibre Conduit Company. He has been connected with the bond department of the Guaranty Trust Company for several years and has been an assistant treasurer since last May.

Donald Bellows was appointed assistant chief clerk of the company. He has been with the Guaranty two years.

—The U. S. Mortgage and Trust Company, New York, has granted its employees ten per cent. salary bonus and twelve and one-half per cent. additional.

—Directors of the Bankers Trust Company at a meeting recently made several promotions in the official staff. H. F. Wilson, Jr., who has been assistant secretary, was elected a vice-president. A new position of cashier was created, and George W. Benton,

formerly treasurer, was appointed to fill this office. R. H. Giles, formerly assistant treasurer, becomes treasurer; R. Gregory Page, 3d, assistant trust officer, was appointed assistant secretary, and A. Clinton Livingston, of the personal trust department, was appointed assistant trust officer.

—The Guaranty Trust Company of New York has published a booklet entitled "Digest of the Federal Reserve Act." This digest covers the original Banking and Currency Law and all amendments up to and including those of September 7, 1916.

—It is announced that permission has been given by the State Banking Department to the Guaranty Trust Company to open a branch office in Paris. This will give the trust company two European branches, one having been opened in London several years ago.

—Many millions in cash and securities were transferred across Fifth avenue December 17, when the Fifth Avenue office of the Guaranty Trust Company of New York was moved from the southwest to the southeast corner of that thoroughfare and 43d street. The deposits alone of this office total nearly $40,000,000. How much was in the twenty-five hundred safe deposit boxes is beyond conjecture. The work of removal was guarded by special officers belonging to the bank, and by squads of city policemen and detectives.

—On January 1, Thomas Cochran, formerly president of the Liberty National Bank, became a partner in the firm of J. P. Morgan & Co. He is succeeded as president of the Liberty by Harvey D. Gibson, who was formerly a vice-president.

Mr. Cochran owes his partnership in the Morgan firm to hard work. He began as a clerk in the financial district and worked his way to the presidency of the Liberty National Bank, during which time he attracted the attention of Henry P. Davison, a member of the

Morgan firm. Mr. Cochran is forty-four years old, and was born in St. Paul, Minn., where his parents had moved previously from New York city.

Mr. Cochran came to New York city from Albany in January, 1900, practically penniless. He had worked at railroading for six years in St. Paul and Albany since his graduation from Yale. It was during his third year at Yale that his father met with business reverses, and he was forced to work his way through. His first important position in New York was that of the treasurer of a real estate company. It was in this capacity that he first met Henry P. Davison, then first vice-president of the First National Bank.

HARVEY D. GIBSON
Successor to Thomas Cochran as President of the Liberty National Bank

It was just about that time that Mr. Davison was working out his plans for organization of the Astor Trust Company. He picked two young men to help him execute these plans. One was Mr. Cochran and the other Seward Prosser, now president of the Bankers Trust Company. The Astor Trust Company was formed with Mr. Davison as chairman of the executive committee. This was in March, 1907. Mr. Cochran was made vice-president.

Mr. Cochran held the vice-presidency with such credit that in October, 1914, when a man was being sought for the presidency of the Liberty National Bank, he was offered the place.

The firm of J. P. Morgan & Co. now consists of J. P. Morgan, Henry P. Davison, Dwight W. Morrow, Charles Steele, Edward T. Stotesbury, Arthur E. Newbold, William Pierson Hamilton, William H. Porter, Thomas W. Lamont, Horatio G. Lloyd, Edward R. Stettinius and Mr. Cochran. Mr. Morrow is the youngest member and Mr. Cochran is the next youngest.

Mr. Cochran has many interests in the business world. He is a director of the Astor Trust Company, the Bankers Trust Company, the Interborough Rapid Transit Company, the Knox Hat

Company, the Submarine Boat Company, the Kennecott Copper Company, the Braden Copper Company, the American Piano Company, the Hecla Iron Works, the United Dry Goods Company and the Associated Merchants Company.

[A portrait of Mr. Cochran appears as a frontispiece in this number of THE BANKERS MAGAZINE.]

Harvey D. Gibson, the new president of the Liberty National Bank, is a native of North Conway, New Hampshire, and a graduate of Bowdoin College in the class of 1902. He was first employed by the American Express Company in Boston and then in New York. Later with several business associates he obtained control of Raymond & Whitcomb Company, of which organization he became vice-president. When Seward Prosser, now president of the Bankers Trust Company, was made president of the Liberty National Bank some four years ago he invited Mr. Gibson to accompany him as assistant to the president.

Buffalo

—Especial progress in all branches of work and strong public confidence is shown by the last statement of the Citizens Commercial Trust Company, Buffalo, in comparison with the statement issued one year ago. At the present time is shown total deposits of $10,159,088.53, as against $7,484,024.47 one year ago. This is an increase of $2,675,064.06. The total resources at present are $12,759,718.50, as against $10,007,826.34 one year ago, which is an increase of $2,751,892.16.

—The Manufacturers and Traders Bank increased its capital from $1,000,000 to $2,000,000, following the recent absorption of the Third National Bank.

—The Citizens Commercial Trust Company has received official notice from the Superintendent of Banks that it has been granted the permit to establish a branch at the corner of Ferry and Grant streets, this city.

This particular location was also de-

sired by the Bankers Trust Company, who had filed an application, and in order to assist in determining which institution should be favored with the permit, Superintendent of Banks Richards came to Buffalo a few weeks ago and held a public hearing at the Chamber of Commerce offices. This hearing was attended by leading bankers of the city and business men of the locality mentioned above. The subject was discussed thoroughly; both institutions presenting their arguments.

The Ferry & Grant Branch will be the third one operated by the Citizens Commercial Trust Company—the others being at William and Sherman streets, in East Buffalo, and at Niagara and Tonawanda streets in Black Rock.

Philadelphia

—At a meeting of the Board of Directors of the First National Bank held on December 28 Freas B. Snyder and Harry J. Haas were elected vice-presidents and Carl H. Chaffee was appointed as assistant cashier.

FREAS BROWN SNYDER
Recently Elected Vice-President First National Bank, Philadelphia

Mr. Snyder entered the Merchants National Bank of Philadelphia April 2,

HARRY J. HAAS
Recently Elected Vice-President First National Bank, Philadelphia

1900, and in November, 1909, was elected assistant cashier, which position he retained after the merger of the Merchants National and the First National banks. He has always been active in the work of the American Institute of Banking and was one of the organizers of the Philadelphia Chapter. He has served the latter in many ways, as a member of the Board of Governors, as secretary, as vice-president and as chairman of many important committees. He conducted the first post-graduate forum in Philadelphia and

was a member of the first national post-graduate committee. Mr. Snyder has given a great deal of time to the study of credits and for three years has given a course on this subject in Philadelphia.

Mr. Haas entered the Merchants National Bank of Philadelphia July 21, 1908. In March, 1910, he was elected assistant cashier and since May, 1911, has been assistant cashier of the First National Bank until his recent election

CARL H. CHAFFEE
Recently Appointed Assistant Cashier First National Bank, Philadelphia

as vice-president. Mr. Haas has also been an enthusiastic and active member of the Philadelphia Chapter of the A. I. B., having served as a member of the Board of Governors and as chairman of important committees. He is one of the best-known men in the Institute.

Mr. Chaffee has been associated with the First National Bank since August, 1911. In 1915-1916 he was president of the Philadelphia Chapter of the A. I. B., and it was largely through his efforts that the bankers of Philadelphia

decided to further support the Chapter by making it possible, financially, for them to maintain permanent quarters. He was the originator of the trust company course which has proven interesting and instructive to trust company men of Philadelphia.

—According to the First National Bank of Philadelphia the volume of trade in that vicinity is phenomenal.

The manufacturing interests are still very active notwithstanding the further advance in the price of raw materials which, during the past month, have touched the highest level of the war period. Steel plants have so much work on hand that they are finding it difficult to accept very profitable business. A good deal of new building is going on and late records show a gain alone of thirty-six per cent., compared with the

total shown in the corresponding period of 1915.

Manufacturers, in considering future contracts, are frequently insisting upon the stipulation that prices shall be governed by manufacturing costs prevailing at the date of shipment.

—In the month of November, 1916, bank clearings in Pittsburgh reached a new high mark, according to the December financial letter of the People's National Bank of Pittsburgh. The deposits of the seventy-seven banking institutions of that city reached almost $600,000,000, an increase of $135,000,000.

—Reading (Pa.) banking institutions show great increases for the first eleven months of 1916 in assets and deposits. The fourteen banks and trust companies show $24,097,726.88 in deposits, a gain of more than twenty per cent. in one year. The increase is $4,401,048. Every bank and trust company has made a gain of not less than ten per cent.

—In the last quarterly report of the banks in New Jersey issued by the State Commissioner of Banking and Insurance total resources of $550,349,742.89 are shown as compared with $531,994,862.22 for the three months just previous to this. The institutions show total deposits of $467,303,507.83, as against $452,022,454.45 at the last quarterly statement. The total surplus is $29,649,701.09 and three months ago was $29,049,882.63.

The trust companies show resources of $371,550,108.35, as compared with $355,853,906.57 three months ago. The increase in deposits in trust companies in three months is $13,058,438.13. The present deposits are $305,339,935.13 and three months ago they were $292,281,497. The surplus of the trust companies at present is $17,526,662.66 and three months ago it was $17,439,387.76.

An increase of $2,333,395.31 in resources in three months is shown in the report on savings banks. The present resources are $152,041,769.70, as compared with $149,708,374.30. An increase of about $2,000,000 is shown in the deposits of these companies in three months. The present deposits are given as $140,094,390.54, and three months ago were $138,038,315.22. The surplus at present is $10,586,163.97, as against $10,085,251.64 three months ago.

The State Bank resources at present are $26,757,864.84, as compared with $26,432,581.96 in the past quarterly statement. The present deposits are $21,869,182.16, and three months ago were $21,702,642.23. These banks have a surplus at present of $1,536,874.46, as compared with $1,535,193.23 three months ago.

NEW ENGLAND

Boston

—From plans by Architect Thomas M. James, 185 Devonshire street, the Rockland Trust Co. will erect a new bank building at Rockland, Mass., to cost about $40,000. It will be a Colonial building, of brick and granite, equipped with every modern banking facility. James W. Spence, president; H. T. Fogg, vice-president, and Frank H. Wright, secretary, constitute the building committee. Mr. Wright is also assistant cashier of the Second National Bank of Boston.

—It is officially announced that the proposed merger of the National Shawmut Bank and the Merchants National Bank, which has been under consideration, will not be consummated.

—Owing to illness in his family which necessitates his removal to a warmer climate, D. D. Muir has resigned as vice-president of the First National Bank.

—At the annual meeting of the First National Bank favorable action will be taken on an increase of the capital stock of the bank by the issue of 25,000 shares of new stock at $300 per share, which will increase the capital of the bank from $5,000,000 to $7,500,000, and the surplus from $10,000,000 to $15,000,000, making the combined capital, surplus and undivided profits in excess of $25,000,000. At the time of the last call of the Comptroller the deposits and resources of the First National Bank of Boston exceeded those of any other bank in New England, and this action of the directors is a continuance of the bank's policy which has been to maintain such a ratio of capital to liabilities as would make the bank one of the strongest financial institutions of the country.

Incidentally the expanded capital will facilitate the handling of the bank's increasing business both domestic and foreign.

It is stated that the enlarged capital will not necessitate any reduction in the dividend rate and the purpose is to maintain present dividends of sixteen per cent.

—The Commercial National Bank is to move from its present location to new quarters at the corner of Post Office Square and Milk street.

—Steps are being taken to organize a new trust company in Malden to be known as the Community Trust Company. It is to have a capital of $100,000 and surplus of $25,000. Charles S. Norris, treasurer of the Home Savings Bank, Boston, will probably be president of the company.

—The Farmers & Traders National Bank and the Colebrook Guaranty Savings Bank have purchased a building at Colebrook, N. H., and will remodel

and fit it up for their joint occupancy as a bank building. Thomas M. James of Boston is consulting architect.

—Announcement has recently been made of the election of Thomas W. Farnam, vice-president of the New Haven Bank, N. B. A., of New Haven, Conn., as class A director of the Federal Reserve Bank of Boston. Mr. Farnam graduated from Yale in the class of 1899. After leaving college he was engaged in the manufacturing business until 1910, when he entered the banking business as vice-president and then president of the City Bank of New Haven. In 1915 the New Haven Bank N. B. A. absorbed the City Bank and New Haven County National Bank, and Mr. Farnam was elected vice-president of the enlarged institution. Mr. Farnam is also vice-president of the New Haven Morris Plan Co., treasurer of the Marlin Arms Corporation, and a member of the Board of Finance of the city of New Haven.

THOMAS W. FARNAM
Vice-President of the New Haven Bank, N. B. A.
Recently Elected Director of the Federal Reserve Bank of Boston

—Extensive improvements have recently been completed in the banking rooms of the City Institution for Savings, Lowell, Mass., from the plans of Architect Thomas M. James of Boston.

SOUTHERN STATES

Richmond

[*Special Correspondence*]

—The Richmond Country Clearing Association established the latter part of 1915 has grown to be one of the most important divisions of the banking business of Richmond. The country clearings were formerly collected by each individual bank. The formation of the association place all the collections in one division and greatly reduce the cost

of the work. The total cost of collections is $1.26 for $1,000.

—It is rumored that possibly the Planters National Bank may increase its capital stock on the first of the year, when the stockholders meet. The capital stock is now $300,000, and there is an annual dividend of twenty per cent. declared every year. The surplus and profits of this bank amount to $1,747,457, according to the report given at the last call of the Comptroller of the Currency.

—Looking backwards in 1916 the year has been the most remarkable in the banking history of Richmond. Bank deposits and resources have reached the highest marks and comparisons with previous corresponding periods show a wonderful increase in every line. Similar conditions exist all through the Fifth Reserve District, the territory in this section of the country enjoying the greatest prosperity in its history. The banking business indicates the excellent commercial conditions that obtain.

—Indicative of the thrift habit that is being formed in Richmond is the report of the banks on the total amount of savings in the Christmas clubs. Three years ago the first Christmas savings club was organized and proved to be so very attractive that a number of the banks inaugurated a similar system, and this year the total savings in these clubs amounted to $640,000, and the number of accounts reached the large total of 75,000.

The savings this year amounted to about $200,000 more than last year, showing that the habit of saving has grown, and also reflecting the prosperous conditions existing among salaried people, the bulk of this money being saved by working people and clerks.

The usual semi-annual dividends will be declared the first of the year, and will amount to about $1,250,000. This will include the banks, insurance companies and railroads located in this city.

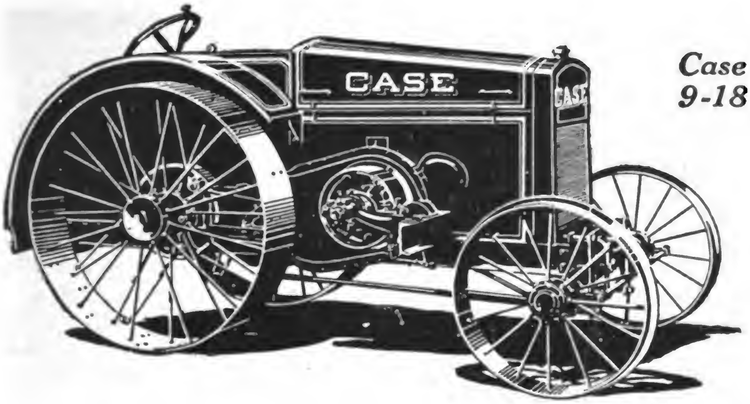
—The total deposits of all the banks in Richmond amounted to $82,088,042 at the call of the Comptroller of November 17. The total assets amounted to $107,803,514. At the call of November 10, 1915, the total deposits were $56,558,979, and the assets $82,166,245.

—The wonderful growth and usefulness of the Federal Reserve Bank of Richmond is reflected in the report given out by Governor Seay December 15, as follows:

Resources — Gold coin and certificates, $4,855,451; gold settlement fund, $23,054,000; total gold reserve, $27,909,451; legal tender notes, silver certificates and subsidiary coin, $9,733.65; total reserve, $27,919,184.65; real estate, $121,475.77; investments, $60,750; United States bonds, including accrued interest, $1,504,029.35; bills discounted and bought, $5,214,865.79; items in transit, deferred, $8,906,999.99; all other resources, $44,781.82. Total, $43,772,087.37.

Liabilities—Capital paid in, $3,346,150; reserve deposits, net, $24,456,938.68; United States Government deposits, $3,145,365.42; due to other Federal Reserve Banks, net, $875,406.24; Federal Reserve notes in circulation, net, $2,775,185; items in transit, deferred, $9,009,938.62; all other liabilities, $163,103.41. Total, $43,772,087.37.

Gold reserve against all liabilities, eighty-seven per cent.; cash reserve against all liabilities after setting aside forty per cent. gold reserve for Federal Reserve notes outstanding, ninety-three per cent.



Case 9-18

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The Sign of Mechanical Excellence the World Over

J. I. Case Threshing Machine Company, Inc.
FOUNDED 1842
238 Erie Street, Racine, Wis. (483)

The Sign of Mechanical Excellence the World Over

Federal Reserve Notes—Issued, $20,034,070; on hand, $804,815; outstanding, $19,229,255; gold with Federal Reserve agent, $16,454,070; net liability, $2,775,185.

The rediscounts of the Federal Reserve Bank for the year will not be as large as for the year 1915, general prosperous conditions in a measure accounting for this.

—Investments of the Bankers Loan and Securities Company, New Orleans, La., are soon to have merged into them the mortgage loan assets of the Rural Credit Company. James L. Wright and associates, who are large stockholders in the Bankers Loan and Securities Company, have acquired the stock control of the Rural Credit Company and as soon as practical expect to merge the mortgages. The Rural Credit Company began business in 1913 with a capital of $130,000, of which $30,000 was paid in.

—McLane Tilton, president of the First National Bank of Pell City, Ala., has instituted a campaign in an effort to bring about the amendment of the Federal Reserve Act which he believes is discriminatory against the country banks of the United States. In a letter which he has addressed to the approximately twenty thousand banking institutions of the country which come under this classification, Mr. Tilton urges that they advocate with their respective representatives and senators the passage of an amendment to the Reserve Act intended to restore exchange conditions as they were prior to the enactment of that measure.

—The Birmingham Trust and Savings Company of Birmingham, Ala., in their last statement show deposits of $7,874,233.41, capital stock $500,000, and total resources of $9,135,422.31. The policy of the bank is outlined in the following words:

"This bank began life with an ideal in the minds of its founders and that ideal was that banking is a profession. How well it has lived up to this ideal is attested by the unique position it holds and the reputation it now bears.

"It has been careful, conservative and constructive in its policy since its organization in 1887. Its best efforts have been and are directed to the upbuilding of men and legitimate enterprises; towards furnishing a safe depository for the money of the people, avoiding speculations and promotions in whatever form they have come or however disguised as public enterprises."

WESTERN STATES

Chicago

—The last statement of condition issued by the Englewood State Bank, Chicago, shows total resources of $2,015,865.99, deposits of $1,752,959.82,

and capital, surplus and profits of $254,000. The increase in deposits of this bank is shown by the previous reports, which they have issued to the state auditor:

May 31, 1905	$ 260,003.08
April 7, 1906	535,604.39
Aug. 19, 1907	707,368.15
July 16, 1908	723,431.49
Nov. 17, 1909	1,075,358.34
Nov. 11, 1910	1,122,002.62
Dec. 6, 1911	1,244,352.07
Nov. 27, 1912	1,297,212.28
Oct. 22, 1913	1,346,807.45
Nov. 25, 1914	1,307,981.77
Nov. 11, 1915	1,497,872.08
Nov. 18, 1916	1,752,959.82

—Trade conditions in the Middle West are summed up in the December financial letter of The National City Bank of Chicago, as follows:

Trade throughout the Middle West is active and the buying power is phenomenal. A portion of this demand reflects an apparent belief that further price advances will be announced. Most manufacturing concerns have all the work that they can handle and those allied with the steel industry have been obliged to turn down profitable contracts, because of the difficulty of obtaining additional labor. The productive capacity of the steel industry in this section has apparently been reached. There has never been a larger volume of business handled by the mills, or by those concerns which produce material used by the railroads. It is no longer a question of price, but of getting deliveries.

—The National City Bank of Chicago at the close of business November 17, 1916, show deposits of $37,687,901.36 and total resources of $41,150,898.97.

—The Union Trust Company is becoming well known to bankers as the "B/L collection bank of Chicago," on account of the great amount of this sort of business that it is transacting. There is an immense quantity of produce,

grain, wool, hides, machinery, cattle and other merchandise being shipped to Chicago, payment for which is secured through drafts with bills of lading attached. For the collection of such items the Union Trust is splendidly equipped.

FREDERICK R. FENTON
Vice-President, C. V. McNear & Company, Chicago

As a result of this service, during the past six years the company has accumulated about $7,000,000 of bank deposits, principally from state banks and trust companies.

—Frederick R. Fenton, who for the past twelve years has been actively connected with the bond business, for a number of years sales manager for E. H. Rollins & Sons, for the past five years in a similar capacity with Devitt, Tremble & Company, has severed his connections with Devitt, Tremble & Company to become vice-president of C. W. McNear & Company, Chicago, having charge of the sales organization. C. W. McNear & Company is one of the best known municipal bond houses in the West, and they are extending their field of activity into that of financing public utilities and industrial corporations.

Mr. Fenton is perhaps better known to the investment banking fraternity as one of the organizers of the Investment Bankers Association of America, having been an officer since its inception. Mr. Fenton brings to his new connection a wide experience and the best wishes of a host of friends.

—In submitting the fifty-third annual statement of the First National Bank, James B. Forgan, chairman of the board, gave out the following statement:

"Comment was made in the report of December 31, 1915, on the unsatisfactory bank earnings during that year caused by the surplus of loanable funds

created through the reduced reserve requirements under the Federal Reserve Act, and by gold imports. The latter feature has continued throughout the year 1916 to even a greater extent. Gold sent to this country with systematic regularity for the purpose of maintaining stability in the sterling exchange market, has caused interest rates to continue at an abnormally low level and has created a basis for a further huge expansion in credits in the United States.

"Between the dates of September 2, 1915, and September 12, 1916 (covering approximately one year, and the figures at the latter date being the latest available), the loans of the national banks of the United States have expanded $1,,500,000,000, and deposits have increased $1,700,000,000, while cash in vaults and with Federal Reserve banks has increased $142,000,000, or barely ten per cent when compared to the increase in deposits. As a result of these changes, the percentage of cash reserve to net deposits decreased from 16.14 on September 2, 1915, to 14.70 on September 12, 1916. Although this change seems small, yet it is an important one as measured by past experience, indicating as it does that, notwithstanding our heavy imports of gold, credit is expanding in greater ratio.

"With this situation existing in the financial world; with most of our commercial and manufacturing concerns being operated at their maximum capacity; with constantly increasing prices on all commodities; with current profits in many lines larger than ever thought possible by the most optimistic, it behooves us to give careful consideration to the future, and to have in mind that this most unusual condition and unexpected prosperity, resting as it does on the insecure foundation of the distressing situation in Europe, may come to a sudden end. We should therefore make the most liberal provisions and take extraordinary precautions for the reaction which must follow.

"General conditions are reflected in

the various items shown in the statements of the two institutions. In the First National Bank the deposits have increased since December 31, 1915, from $154,550,000 to $176,051,000, while the loans have expanded during the same period from $107,209,000 to $123,098,000. The deposits of the First Trust and Savings Bank, on account of the large proportion of time deposits, do not reflect this condition to so large an extent. Its deposits have increased from $65,154,000 on December 31, 1915, to $77,813,000 on December 30, 1916.

"The low rates of interest prevailing throughout the year have resulted in reduced profits in commercial banking. The earnings of the First National Bank have been $1,301,921.06 as compared with $1,536,868.05 for the preceding year, while the First Trust and Savings Bank, a large part of whose assets are properly invested in long term securities, shows a profit of $1,079,218.45 as compared with $1,043,483.39 last year.

"The combined profits of the affiliated banks show net earnings for the year of seven and one-quarter per cent against eight per cent last year on the average aggregate capital employed. After having made provisions for depreciations and losses, both actual and anticipated, the combined net profits for the two banks for the year are $2,381,139.51. The dividends paid amount to $2,200,000, leaving a surplus above dividends of $181,139.51."

St. Louis

—The advent of the year 1917 marks the completion of sixty years of continuous successful banking for the National Bank of Commerce in St. Louis. With a capital and surplus of $12,000,000 and resources of over $78,000,000, this bank starts in upon a new decade with unexcelled facilities for service to its clients.

—The Mississippi Valley Trust Company has inaugurated a new method of

handling deposits and checks of current depositors, known as the unit-paying-receiving system. Instead of having one set of tellers for paying all checks and another for receiving all deposits, the Mississippi Valley Trust Co. now has both functions performed by the same men. The accounts of the institution have been divided alphabetically and each paying-receiving teller has been assigned a certain number of accounts in his exclusive charge. This gives the tellers a better chance to become acquainted with the faces, signatures and individual needs of the customers. Banks and trust companies in several other cities are operating similar plans, but the Mississippi Valley Trust Co. is the first large St. Louis banking institution to install the system.

—The board of directors of the Third National Bank have authorized the distribution among their employees of bonuses aggregating $10,000. F. O. Watts, president, in making his announcement to the employees, explained that the distribution was limited to the clerical force and was not to be shared in by the officers of the bank. He further stated that the distribution was not made because of unusual business nor because of excessive earnings by the bank, it being a matter of common knowledge that banks have not, like many other lines of business, reaped benefits from the wave of prosperity of the past year, but was prompted by an earnest desire of the board of directors to assist employees in meeting the abnormal conditions due to the greatly increased cost of living.

Employees will share in the fund on the basis of individual dependents and according to length of service. The following is the table upon which the bonus is to be pro rated:

	Per cent.
Married employes receiving under $1,000 per annum will be given	12
Receiving between $1,000 and $1,500	10
Receiving between $1,500 and $2,000	8
Receiving over $2,000	7
Single men (with dependents) under $1,000 per annum	8
Single men (with dependents) $1,000 and over	7
Single men (without dependents)	6

Two per cent additional will be given to single men whose salaries are $1,000 or less and who have dependents; 1 per cent additional to single men whose salaries are more than $1,000 and who have dependents.

Minneapolis

—Observant bankers throughout the Northwest, according to the report of the Northwestern National Bank, Minneapolis, Minn., find bank deposits growing, general business improving, collections good.

The prevailing feeling is one of satisfaction concerning present conditions and of confidence for a prosperous winter. Even the sections that withstood the brunt of the worst of the disappointing harvest are not complaining to any great extent. In the Twin Cities the response to the recent call of the Comptroller discloses a new high record for deposits. Minneapolis showed an increase of nearly eighteen million dollars over a year ago. The gain in loans and discounts, which is perhaps the most notable feature of the combined statements of the commercial banks of this city, is double that of the gain in deposits, being nearly a thirty-five million dollar increase. The total Minneapolis loans and discounts were $119,980,000 on November 17, 1916. The loans of the Northwestern National Bank showed a gain of twenty-five per cent. over those of a year ago.

Detroit

—The Central Savings Bank branch just completed at the juncture of Grand River avenue, Forest and Fourteenth streets, was opened for business a short time ago. The structure is considered a new departure in branch bank building, lacking as it does that cold forbidding atmosphere so common in buildings of the type. The building, constructed of white stone in massive Gothic style, which gives an air of security, is surmounted by two large stone figures representing Industry and Com-

merce. The figures are so arranged as to support a large electric clock.

The entire first floor and balcony will be given over to banking. The interior is splendidly appointed with flooring of Terrazzo, mahogany woodwork, and trimmings and fixtures of marble and bronze. Modern banking devices and fixtures have been installed.

The upper floor, fitted with modern plumbing and mahogany woodwork, is divided into offices which will be let to dentists and doctors.

—The Bank of Commerce, Sapulpa, Oklahoma, which opened for business July 1, 1916, makes a fine showing in its last statement. Total resources are $293,591.53, against $259,914.10 one month before. The deposits are $236,-230.36 as compared with $205,762.72 of the previous month. The bank has a capital of $50,000.

—The deposits in the German-American Bank of Springfield, Missouri, according to the last statement, are $416,-307.01, an increase of $336,394.59 from one year ago. The capital stock is $50,-000 and total resources $469,194.35.

PACIFIC STATES

San Francisco

—The Anglo and London-Paris National Bank of San Francisco in their financial letter for December, 1916, state that:

Business was never more active in this state than now, nor have the products of the state ever brought in so much money or brought it so promptly. Individual prosperity is shown by the great increase of bank deposits and the independence of commercial borrowers. The activity of business is shown by the bank clearings whose volume far exceeds that of any other period. Collections are good. The crops of the year have been almost completely sold and

are leaving the state as fast as transportation can be had. The mineral output is larger than ever before and prices are higher. The citrus crop promises to be the largest on record.

—Frank C. Mortimer has been appointed Pacific Coast representative of the National City Bank of New York. His offices are located at 610 Insurance Exchange Building, San Francisco.

—Shipping conditions on the Pacific Coast are reported as not improving by the American National Bank of San Francisco. The bank states that car shortages reported in all sections appear to be growing, while regular coast-to-coast ocean shipping is a thing of the past. Oversea freight rates are nearer normal than they have been for eighteen months, but there is not a sufficiency of regular sailings, and a partial embargo at the Russian port of Vladivostock has caused the withdrawal of a number of boats from that run.

Los Angeles

—On December 8 the Security Trust and Savings Bank passed the 100,000 mark in number of open accounts upon its ledgers.

This is rather a noteworthy event when it is considered that this is the only bank outside of New York, Chicago, Philadelphia, Boston and Cleveland that has more than 100,000 depositors' accounts.

On January 1, 1916, the Security Trust and Savings Bank had 94,000 accounts and there were many, when the matter was suggested, who were skeptical of the ability of the bank to gain 6,000 accounts net during the year, in the face of existing conditions. However, the goal was reached in a little more than eleven months.

That it has been accomplished in that short time is due to the enthusiastic cooperation of the employees, who, filled with the Security spirit, have heartily backed every publicity effort by maintaining that high standard of service which the Security has established.

It is an interesting fact that during the entire history of the Security Trust and Savings Bank, which is now rounding out its twenty-eighth year of existence, the bank has been under the same management. It must be with a large degree of satisfaction that J. F. Sartori, who organized the bank; M. S. Hellman and W. D. Longyear, who became associated with it soon afterwards, and Chas. H. Toll and W. H. Booth look back over the years and compare the ending of the bank's first year in the little store on Main street, which showed resources of $300,000 and 1,050 accounts, with the $50,000,000 of resources and 100,000 accounts of today, which requires the handsome banking room at Fifth and Spring, now known as "Security Corner," and the Branch, at First and Spring, to accommodate them.

Undoubtedly another important factor in encouraging the confidence of that army of people which deposits in the Security, is the fact that each of the directors of this bank has been a resident of its community from twenty to fifty years.

The stockholders of the Security Trust and Savings Bank also own the entire stock of the Security National Bank, which is now located at Fourth and Broadway, and is rapidly coming to the front as a commercial bank.

A strikingly handsome building for the Security National is now nearing completion, immediately adjoining that of the Security Trust and Savings Bank on Spring street, and will probably be occupied shortly after January 1.

The combined resources of these banks are now approximately $55,000,000, and the officers of the Security Trust and Savings Bank are as follows:

J. F. Sartori, president; M. S. Hellman, John E. Plater, Chas. H. Toll, W. H. Booth, vice-presidents; W. D. Longyear, cashier and secretary; T. Q. Hall, R. B. Hardacre, Geo. M. Wallace, assistant cashiers; W. M. Caswell, assist-

ant secretary; L. H. Roseberry, trust attorney; G. M. Martin, assistant trust attorney; J. H. Griffin, trust officer and assistant secretary; C. M. Jay, assistant trust officer; H. H. Smock, auditor; J. G. Carey, manager Equitable Branch; Luke Wood, W. M. Cameron, assistant managers Equitable Branch.

Directors are as follows: James H. Adams, Wm. H. Allen, Jr., W. Jarvis Barlow, W. H. Booth, Norman Bridge, W. L. Graves, Henderson Hayward, M. S. Hellman, W. H. Holliday, Joseph Kurtz, R. H. Lacy, W. D. Longyear, T. E. Newlin, H. W. O'Melveny, John E. Plater, J. F. Sartori, J. H. Shankland, R. Shettler, James Slauson, Chas. H. Toll, W. L. Valentine, W. J. Washburn, W. D. Woolwine.

—Banks of the Spokane country, outside of the City of Spokane, and exlusive of the fruit, mining and lumbering districts, show a combined increase in deposits in sixty-six days of over $15,000,000 by the estimate of T. H. Brewer, president of the Fidelity National Bank of Spokane. Mr. Brewer has compiled tables for different sections of the wheat belts from official statements of the banks in his files.

While this list does not represent every bank in the district, it is representative of every wheat section, and the figures for these show an actual increase in deposits of $10,000,000, approximately, at the last call, November 17, over the preceding call, September 12.

—Splendid crops at unusually high prices and the coming of new business are the two factories to which the People's State Bank of Walla Walla, Wash., attribute deposits which in their last statement are $971,196.83. At the same date in 1914 the deposits were $483,423.24. The Bank has a paid-in capital stock of $50,000 and total resources of $1,066,623.24.

—The work of rehabilitating the Utah State National Bank, Salt Lake City, Utah, is progressing rapidly. O. Geiger of Hamilton, Ohio, recently installed the new vaults, which will be equal to any in the intermountain states.

CANADIAN

—The October, 1916, Canadian bank clearings for the central and eastern cities have in every instance made a new high record. Montreal stands at the head with $355,590,527 for the month, which is the highest point ever reached in the city's history. This compares with $253,982,655 for the corresponding month and represents an increase of $101,607,872.

Toronto comes next with a total for the month aggregating $244,508,737, which is an increase of $68,484,777 over

October last year, when clearings amounted to $176,023,958.

Other cities show smaller gains, Winnipeg increasing only $1,157,302 over the same month last year. This is accounted for in the smaller movements of grain during October caused by the British Government's taking of the wheat import business. Ottawa with $25,487,446 is an increase of $7,682,797 over 1915, Hamilton shows $4,853,153, and Quebec $2,728,895 increase. Other cities of smaller size show a relative gain.

—At the last meeting of the board of directors of The Bank of Toronto, Mr. Archibald H. Campbell of Toronto was elected a director of the bank.

—The annual statement of the Royal Bank of Canada reflects in a striking manner the strides the Royal is making among the leading Canadian banks and the benefits it is evidently obtaining from the strong and effective banking organization it has built up throughout the Dominion.

For the first time in the history of the bank, total assets are reported in excess of a quarter of a billion, the increase for the past twelve months being $55,000,000; total assets amounting to $253,261,427, compared with $198,299,123 at the end of last year, and $179,404,054 at the end of 1914.

In line with its policy, the Royal has evidently availed itself of the large assets at its disposal to keep itself in an exceptionally strong position, as represented by liquid assets in excess of fifty-three per cent. of the total liabilities to the public, but, at the same time, has catered in a special way to the requirements of its customers, as substantial gains are reported in current loans and discounts.

The general character of the bank's deposits makes a gain of over $23,000,000 in deposits bearing interest, a not-

able one, and is especially gratifying in view of the manner in which the Royal during the course of the year recommended to its depositors investment in the large Dominion domestic loans. The gain in total deposits for the year is over $45,000,000 at the rate of close to $3,750,000 a month.

While the main features of the annual statement indicate that attention has centered on co-operation with customers and the maintenance of a very strong position in order to be continually prepared during the war period, there is a healthy increase in the profits for the year, these amounting to $2,-111,307.65, equivalent to 17.87 per cent. on the average paid-up capital, compared with $1,905,576.57, or 16.48 per cent. in the previous year.

After the payment of the regular dividends, making a contribution of $50,000 to patriotic fund and allowing for the usual appropriations, the bank carried a surplus forward into the new year of $852,346.28, as against $676,-472.11 at the end of the previous year.

One of the recent important developments of the bank's business results from the chain of branches which it has built up in the British West Indies and other southern countries, and this has been a material aid to the growing foreign business of Canada.

The general statement of assets and liabilities show that of the total assets of $253,261,427, the amount maintained in the form of liquid assets is $121,-127,653, equivalent to 53.24 per cent. of liabilities to the public as compared with $84,894,462 last year and $71,-244,677 at the end of 1914, a gain of approximately fifty million dollars in two years. The principal accounts in the liquid assets are as follows: Current coin, $16,072,763, compared with $15,946,289. Dominion notes, $14,-249,110, against $12,977,390, while the

bank's deposit in the central gold reserve has jumped to $6,500,000, up from $3,000,000 at the end of last year.

The holdings of securities contain some interesting changes, the Dominion and Provincial Government securities standing $1,029,374 compared with $1,361,105, while Canadian municipal securities and British, foreign and colonial public securities have made a big advance to $14,013,089, against $3,184,333; railway and other bonds and stocks, $15,464,604, against $14,083,602. Call loans in Canada and elsewhere have gained to approximately $32,400,000, compared with $19,000,000 last year, and evidently represents provision against any unforeseen development that may possible arise owing to the exceptional conditions caused by the European war.

The much larger accommodation the bank is providing notwithstanding the general tendency to pay off loans, is shown by a gain in total current loans and discounts to $124,864,658, compared with $106,552,634 a year ago.

The policy of service and co-operation always followed by the Royal is undoubtedly one of the reasons for the steady gains in deposits, deposits bearing interest having gained to $140,862,199, compared with $117,519,330, while deposits not bearing interest have advanced to $59,365,396, up from $37,456,997, this resulting in the total deposits crossing the $200,000,000 mark compared with $154,976,327 a year ago.

The profits, added to the amount carried forward from profit and loss, brought the amount available for distribution up to $2,787,779. Of this amount the regular dividend at the rate of twelve per cent. required $1,417,207; transferred to officer's pension fund, $100,000; written off bank premises account, $250,000; war tax on bank note circulation, $118,226; contribution to patriotic fund, $50,000, leaving the amount to be carried forward to profit and loss $852,346 compared with $676,472.

The annual meeting of the shareholders has been called for Thursday, January 11.

The principal accounts, showing comparisons with those of last year, are as follows:

	1916.	1915.
Total assets	$253,261,527	$198,299,123
Liquid assets	121,127,663	84,894,462
Total current loans and discounts	124,864,658	106,552,634
Total call loans	32,448,031	18,952,459
Deposits in central gold reserve	6,500,000	3,000,000
Deposits bearing interest	140,862,199	117,519,330
Deposits not bearing interest	59,365,396	37,456,997
Profits for the year	2,111,307	1,905,576
Balance carried forward	852,346	676,472

—The Bank of Toronto has opened a branch at Sibbald, Alberta, under the management of James Murray, formerly manager at Kipling, Sask., branch. James Maguire, manager at Colonsay, Sask., has been transferred to the Kipling branch and Barry I. Meyer, the accountant at Colonsay, is made manager at that point.

New Counterfeit $10 Gold ertificate

SERIES of 1907; check letter "A"; plate number 9; Gabe E. Parker, Register of the Treasury; John Burke, Treasurer of the United States; portrait of Michael Hillegas.

This counterfeit is printed from photomechanical plates on two pieces of paper, between which silk threads have been distributed. The number of the specimens so far seen is B9599202. The notes are poorly printed. The seal and large numeral appear on some of them printed light yellow; on others almost brown. The back of the note is not as good as the face.

THEODORE E. BURTON
President Merchants National Bank, New York

[Mr. Burton was long a member of the House of Representatives and United States Senator from Ohio, and was also a member of the National Monetary Commission.]

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

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Diplomatic Break With Germany

ON January 31 the Government of Germany announced a renunciation of former pledges given in regard to submarine warfare. As the American Government had previously advised Germany that the renewal of practically unrestricted submarine warfare would lead to a severance of diplomatic relations between the two countries, President Wilson took this course on February 3, announcing in an address to Congress that he had delivered the German Ambassador his passports and recalled Ambassador Gerard from Berlin. He also stated that in the event of any overt act upon the part of Germany in derogation of American rights, he should call upon Congress to take the necessary steps to protect this country's rights.

The President has exercised great patience and self-restraint in dealing with this serious crisis, and he has the undivided support of the American people in the steps already taken, as he assuredly will have in any other action essential to the upholding of the rights of our people.

THE GREAT "LEAK" INVESTIGATION

LATELY the country has been treated to sensational charges regarding a "leak" of diplomatic information to Wall Street. It has been charged that brokers got news in advance of one of the President's notes on foreign affairs and were thus able to make large profits in the stock market.

Observers have often been mystified by the shrewd forecasts

made by Wall Street in regard to notable public events. Very often after elections, or even in the case of important court decisions, it is seen that the Street has discounted the event beforehand. Of course, in the case of an election, this can be nothing more than a shrewd guess, based upon a careful weighing of all the information. And in the case of court decisions, there is no real evidence that Wall Street has any means of knowing in advance how the courts will decide any given case. But here is probably the way the Wall Street minds work: They study the decisions of the courts on similar cases, and even take note of the personnel of the courts. If a judge in one case has fined a big corporation a large sum for violating the anti-trust law, Wall Street no doubt guesses that if a similar case is pending before the same judge, he will most likely decide it in the same way. There is in this nothing either dishonest or occult. Wall Street simply uses judgment based upon the facts in the case. They are a fairly keen body of men in the Street, and it is not to be wondered at that they make some pretty close estimates as to which way the cat will jump.

If it should be finally shown that the present leak was no leak at all, but only another of Wall Street's shrewd guesses, it would no doubt anger some dull-witted people at the cleverness of the market operators. If, on the other hand, the sensational allegations should be found to have a real basis, every American, irrespective of party, would be sorry.

INCREASING THE POWERS OF THE FEDERAL RESERVE BOARD

PROPOSED amendments to the Federal Reserve Act would greatly increase the powers of the Federal Reserve Board over the banking system of the country. Before enlarging control of banking at Washington it might be well enough to wait and see just what has been the effect of the control thus far exercised. Has it been beneficial or otherwise? The testimony of the members of the Federal Reserve Board themselves upon this point will perhaps not be conclusive, and under the abnormal conditions prevailing since the law has been in operation fair judgment of its effects is exceedingly difficult. From the mass of conflicting influences profoundly affecting banking in the United States in the past two and one-half years one can not readily disentangle the forces proceeding from the Federal Reserve Act alone. Under

the peculiar conditions arising out of the war, some of the provisions of the law seem unfortunate. We have had a tremendous influx of gold, yet in the face of this the law radically reduced the amount of reserves which the banks were required to keep. With so much gold coming in, a contrary policy would have been wiser. Of course, nobody could foresee what has happened. But the lesson seems as yet imperfectly learned, for it is proposed to still further inflate the bank reserves of the country by redepositing all of them with the Federal Reserve Banks and by requiring banks to keep on hand only a certain amount of till money, irrespective of its character. This would virtually mean a weakening of actual banking reserves at a time when it would seem that they should be strengthened. But the Federal Reserve Board asks for power to compel an addition to the reserves of member banks, thus adopting the principle of a fluctuating reserve—a principle with which no one can quarrel. Whether it would be wise to entrust this power to the Federal Reserve Board is another question. If concerted action is desirable on the matter of banking reserves, why could it not be more efficaciously taken by the clearing-houses of the banking centres than by the Federal Reserve Board? The matter would seem to be a banking problem pure and simple. Where lies the wisdom or value of governmental intervention?

It is at least an open question, in the light of the limited experience had under the exceptional conditions noted above, whether the Federal Reserve Board has so wisely discharged the functions already committed to it as to justify a further grant of power. Nor is sufficient information yet at hand to enable one to form an intelligent judgment as to whether or not the entire Federal Reserve system has been so efficacious as to warrant further extension of its powers.

LIBERAL DIVISION OF BANK PROFITS

THAT banks are sharing profits liberally with their employes appears from the many large distributions of bonuses around the holiday season each year. The average citizen, accustomed to earning just so much a year, with nothing extra thrown in at Christmas-time, must often wish himself in the fortunate position of the bank employe. Now comes a New York bank that proposes after providing for salaries, expenses and taxes, bonuses and losses, with interest on accounts and five per cent. on capital, surplus

and profits, to pay its employes twenty-five per cent. of the remainder.

This is a most liberal and commendable arrangement. The thought, however, arises that depositors, who furnish the bulk of the funds out of whose profits these distributions are made may naturally ask the question, "Where do we come in?" If they get interest on their accounts, or a reduction in the rate they pay for loans, or if the general service rendered them is of all-round efficiency, they may be quite satisfied. Probably a few of them will feel that if the employe gets twenty-five per cent. of these net profits after the deductions mentioned, they ought not to be entirely overlooked when Santa Claus is distributing the contents of his well-filled bank pack.

SPLITTING UP THE GREENBACKS

As business has increased there has come a demand for more currency of small denominations. With the silver certificates practically all absorbed, and since the coinage of silver dollars has been stopped, the most obvious way of meeting the demand for more "small bills" seems to be to split up some of the larger denominations of greenbacks or legal-tender notes. The old orthodox idea about money held to the belief that the smaller denominations ought to be in the form of coin. This belief rested upon the fact that the kind of money you found in the pockets of the people would substantially be found in the banks. It was the principle upon which the circulation in England was based, there being no notes of the Bank of England below £5. The fact that the people of England generally used coin where they used currency at all probably in part explains the ease with which the British banking system was so long maintained upon a comparatively slender reserve of gold.

In this country of late the opinion has been promulgated from high official sources that the people should carry the inferior kind of currency in their pockets and the superior kind should be in the Federal Reserve Banks, the ordinary commercial banks also taking the left-overs, or even not holding much real money of any kind. Of course, the great majority of American banks are too well managed to listen to advice of this character from whatever source it may proceed.

No doubt the people of this country generally prefer paper to

coin, and the demand for a larger volume of small notes is natural enough in view of the greater business activity.

As for the greenbacks, their volume is now so small compared to the gold stock that they are no longer a menace to the gold standard. This MAGAZINE has urged repeatedly that enough gold should be put behind these notes to transform them into gold certificates. Unfortunately, the country is still committed to the folly of issuing Government paper "money," the Federal Reserve notes being the latest example of this monetary obsession.

MIDDLE AGE BANKING METHODS

WHEN the proposal was made to permit the members of the Federal Reserve System to deposit all their reserves in the Federal Reserve Banks, this innovation was condemned by THE BANKERS MAGAZINE as dangerously unsound. Upon this point, the following from "The Commercial and Financial Chronicle" of January 13 will be found interesting and instructive:

"The returns of condition of the national banks now being published under the latest call of the Comptroller of the Currency reveal a change in the form of report, which cannot be considered in the nature of an improvement. Heretofore the national banks in making up returns for publication have always been obliged to give the details of their cash holdings—that is, to indicate how much coin they had on hand, how much legal tenders, and how much cash on deposit with the Federal Reserve Banks. Now this has been changed and all the items referred to are lumped under the designation 'lawful reserve in vault and net amount due from Federal Reserve Bank.'

"It will be readily perceived that under a blanket designation of this kind important facts are hidden which patrons of the banks and the general public are entitled to know. It may be said, too, that the departure made by the Comptroller's department in this respect does not meet with the approval of leading bank officials. Of course, the banks in publishing their reports for the purpose of complying with legal requirements are obliged to conform to the schedules laid down by the Comptroller, and therefore the returns are now appearing in the new way prescribed by that official. Many of the banks, however, have indicated their intention, in printing folders for distribution among their depositors and correspondents,

to adhere to the old practice of listing separately the cash on hand, and the balance due from the Reserve Banks.

"The only reason that we can think of for the lumping process now adopted is that it is done with a view to aiding the Federal Reserve banks in carrying out certain plans which the Reserve Board is endeavoring to put into effect. The Federal Reserve authorities are now engaged in a campaign for getting the member banks to turn all their cash over to the custody of the Federal Reserve Banks, keeping only till-money in their own vaults. Unfortunately, too, they succeeded in having the law amended so as to make the process legal. Under the amendatory Act, approved by the President on September 7, 1916, a new clause has been added at the end of Section 11 of the Federal Reserve Act providing that 'upon the affirmative vote of not less than five of its members, the Federal Reserve Board shall have power, from time to time, by general ruling covering all districts alike, to permit member banks to carry in the Federal Reserve Banks of their respective districts, any portion of their reserves now required by Section 19 of this Act to be held in their own vaults.'

"The Reserve Board was prompt to avail of this authority, and which, indeed, it had been seeking for a long time, and on September 11 (four days after the amendatory Act became a law), issued a ruling that member banks might carry all or any part of their vault reserves in the Federal Reserve Bank of their respective districts. Since then nearly all the different Federal Reserve Banks have been engaged in endeavoring to persuade member banks that the wise thing to do is for the member banks to transfer all their cash to the keeping of the Reserve Banks. Thus, the Federal Reserve Bank of New York in its circular, under date of November 20, made the following plea in seeking to get the member banks to fall in with the idea:

" 'The permission thus given offers an opportunity to all member banks both to be relieved of the responsibility for unused funds held in individual vaults, and to strengthen their reserves with their Federal Reserve Banks. It should also tend to encourage the concentrating of the reserves of each district with the Federal Reserve Bank, where they will serve as a proper basis for elasticity when demands for currency are made and will, of course, be immediately available in case of emergency.'

"For ourselves we have no hesitancy in saying the practice here advocated is one not to be encouraged at all, and the authority to pursue it should never have been granted. It is one thing to give the Reserve Banks a certain portion of the reserves of the member banks for use as a basis for note issues, and it is quite a different thing to give them the entire reserves of the member banks for the same purpose. No member bank, guided by conservative instincts,

will allow its vault reserves to be trenched upon in any way, for the fact should never be forgotten that when these vault reserves are within the keeping of the member banks themselves, there is at least absolute assurance that they will remain intact. That assurance does not exist when such vault reserves are placed with the Reserve Banks, for these latter under the law are required to keep no more than thirty-five per cent. of the same on hand, that being the amount of gold reserve required to be held against deposits.

"The thought seems to have occurred to the Governor of one of these Federal Reserve Banks that in the public eye it might be considered an element of weakness for a member bank to show how little of its required reserve it actually had on hand, so he naively conveyed the intimation that banks need not display their weakness in that respect. This he did in ingenious fashion by adding a sentence at the end of his circular, saying: 'Member banks will notice that the form of report to the Comptroller now provides that lawful reserve in vault and in Federal Reserve Banks be combined in one item in their published reports.'

"But, if it is objectionable and harmful for member banks to transfer to the Reserve Banks that portion of their reserve which should be kept in vault, it is still more objectionable and still more harmful to endeavor by commingling of details to make it impossible to know the extent to which the practice is being indulged in. We cannot imagine anything that can be urged in justification of the procedure of withholding the information. If parting with vault reserves is meritorious and to be encouraged, as the Federal Reserve authorities are endeavoring to persuade the member banks into thinking it is, why should there be any disposition to keep the public in the dark as to how the banks are measuring up to the standard? Or are we to suppose that the Reserve authorities are conscious that the operation has a weak element in it and therefore they are anxious to suppress all information bearing on the same?

"Whatever the explanation, occult proceedings of this character are not for a moment to be tolerated. The Comptroller gets the details of the cash holdings anyway for his own use in supplementary schedules which the banks are required to fill in. Why, therefore, should not these details be given out to the public? The strongest point about the Federal Reserve System is that it so generally commands the confidence of the public. This confidence it will forfeit if once the impression gains ground that there is a studied purpose to withhold knowledge regarding essential facts. If at the inauguration of the Federal Reserve System any one had ventured to intimate that one incident in its development would be the suppression of information regarding the cash holdings of the member banks, he would have been regarded as actuated by feelings of the deepest animosity, and if the intimation had been carried further

and accompanied by the suggestion that Comptroller Williams, with his penchant for scattering broadcast facts and figures regarding the most intimate details of banking affairs, would be a party to the proceeding, its author would have been looked upon as bereft of reason and common sense.

"Even with the facts staring one in the face it seems incredible that in this day and at this stage of the world's development any official or any public body should have taken it upon itself to proceed in this fashion, for a bank return without details of the cash holdings is like the play of 'Hamlet' with the part of Hamlet left out. We are therefore not exaggerating when we say that the action in that respect is a step backward towards the darkness of the Middle Ages.

"How one wrong step leads invariably to another is well illustrated by an announcement which has come this week from the Reserve Board at Washington, with reference to an alteration made in the form of the weekly bank return of the Boston Clearing-House. It appears that the Reserve authorities have prevailed upon the Boston Clearing-House in reporting the totals of reserve not to show the excess, or deficiency, of vault reserve separate from the excess or deficiency of reserve in the Federal Reserve Bank, but to combine the two and give them as one item, just as the new form of report of the Comptroller of the Currency calls for the lumping of cash in vault with deposits in the Federal Reserve Bank. Here is the announcement of the Board concerning the matter:

" 'Since the adoption of the ruling making it optional with member banks to keep reserves in vault or in the Federal Reserve Bank, the Boston banks have shown a deficiency in their vault cash, and an excess with the Federal Reserve Bank. It has been felt that these items might properly be consolidated, just as similar figures are combined in English bank statements, and that such consolidation would be a final recognition on the part of the Clearing-House that deposits with the Federal Reserve Bank are practically interchangeable (so far as reserve availability is concerned) with cash in vault. When the matter was recently called to the attention of the Clearing-House committee in Boston, the members acquiesced in the suggested change.'

"The new practice of the Boston Clearing-House has been in force for two weeks. The last two times the old form was in vogue was December 16 and December 23, and on those two dates, vault reserves of the Boston Clearing-House institutions were short, \$2,780,000 and \$2,658,000, respectively. It is this that the Reserve authorities want to conceal, namely that their vault reserves are not up to full former figures. But if the plan of keeping vault reserves with the Federal Reserve Bank is a good one, why should

the Reserve authorities want to cover it up? The statement quoted speaks of recognizing that 'deposits with the Federal Reserve Bank are practically interchangeable with cash in vault.' We do not think re-deposits with the Federal Reserve Bank are any more 'interchangeable' than existing re-deposits with correspondent banks in the Reserve and Central Reserve cities, which the Reserve Board finds so objectionable. To us it seems bad banking practice, and lacking in conservatism, for member institutions to deposit with the Reserve Banks the portion of a bank's reserve which should be kept in vault, and still worse practice to endeavor to suppress information regarding the working of the scheme."

As has been pointed out more than once in the pages of THE BANKERS MAGAZINE, this new policy would permit a bank to have no reserves except a debt due from the Federal Reserve Banks and no "money" except the obligations of the same institution. As it must be the object of the Federal Reserve Board to strengthen the country's banking system, great care should be exercised that no step be taken that may have a contrary effect.

ILLUSIVE WAR PROFITS

EUROPEAN nations engaged in war have shown considerable irritation over the vast profits which have been supposedly accruing to this country as a result of the conflict. They read of our vast volume of exports and of the huge stock of gold accumulated and no doubt infer that everybody in the United States is accumulating wealth at an extraordinary rate. As a matter of fact there is a good deal of illusion about this "prosperity." When prices of ordinary necessities go up two, three, four and five times the usual figure, while incomes advance slowly if at all, there is not much of a disposition to rejoice over this kind of "prosperity."

Besides, some way the people of this country are not quite able to figure out how they are going to profit in the long run by a war which is destroying thousands of valuable human lives and many millions of property. As was well said recently by Hon. David R. Francis, American Ambassador to Russia:

"The idea that America has experienced nothing but benefit from the war is a mistake, and the charge that America desires to see the war continue because of the profits she derives has so little foundation that it needs no explanation or defense."

To have it insinuated that the war is materially benefiting us

is not very pleasant, for it is not only a reflection upon American character but upon American intelligence to imply that there is any disposition here to wish for a continuance of the war, so that we may reap a profit from it.

The only ground upon which any right-thinking person here can reconcile himself to a prolongation of the war is that only in this way can there be a permanent adjustment of its issues upon a just basis that will contribute to an enduring peace.

USE OF "SAVINGS" BY NATIONAL BANKS

UNTIL the matter is determined otherwise by the courts, national banks in the State of New York may not use the term "savings" to designate the departments maintained for receiving small sums on deposit at interest. In an opinion on the subject, the Attorney-General of New York says:

"We cannot deny the right of national banks to receive deposits in the form of 'savings accounts,' but we feel quite certain that the language employed in the Federal Reserve Act with reference to savings deposits does not empower such banks to do a 'savings bank business,' as that business has come to be generally understood throughout the country; and therefore we are of the opinion that the State Banking Law is still operative against the use of the word 'savings' by any bank other than a savings bank.

"The words 'savings banks' have come to have a special meaning to small savers as denoting an increased protection of their deposits, and they would be deceived by its use by other banks. As the Congress did not, we believe, intend to authorize a national bank to do business as a 'savings bank,' so it did not intend to interfere with any safeguards for the small depositor which the State may have devised to protect him.' "

This opinion, of course, is applicable only to national banks in the State of New York, and even there is not finally decisive of the matter. It yet remains for the courts to determine whether or not it was the intention of Congress to endow national banks with savings bank functions, irrespective of state laws.

The counsel for the Federal Reserve Board, in an opinion rendered in 1915, said:

"While national banks should not be permitted to advertise them-

selves as 'savings banks,' since they are not so designated in the Act (Federal Reserve) power is specifically granted to member banks to receive interest-bearing accounts, including 'savings accounts,' and since they possess this power, the right to advertise for such accounts would seem to be a necessary incident to its exercise."

In conferring trust company functions upon national banks the Federal Reserve Act expressly restricted this grant of power to those cases where it did not conflict with existing state laws, but made no such restriction in creating what are virtually savings bank departments in national banks. From this fact it would seem a fair inference that it was the aim of Congress to confer upon the national banks the right to conduct a savings bank business, without regard to state laws.

Until the matter is settled by litigation, the safe rule will be for the banks to be guided by the opinion of the Attorney General of New York, quoted above, unless the State law where the national bank is operating plainly permits a different course.

The real or supposed differences in the character of savings and other banks could be reconciled by an amendment of the National Banking Act requiring national banks with savings departments to invest their savings deposits according to the principles laid down in the laws of those States where such investments are carefully restricted.

ENTENTE ALLIES PEACE TERMS

WHILE the Central Powers failed to make any definite statement in reply to President Wilson's invitation of the terms on which they were willing to end the war, the Entente Allies have communicated their aims with sufficient clearness to enable the world to understand what they expect to accomplish by a continuation of the war.

In a general way, they expect a relinquishment of territory occupied by the enemy, reparation for the injuries done and a guaranty of future peace. The Central Powers have promptly let it be known that these demands will be refused.

Supposing both sides to continue of the same mind, the war must therefore go on until it is ended by decisive battles or campaigns or by economic exhaustion. Possibly a financial breakdown might put some of the belligerents in a more placable frame of mind. Or if pressure from without is not strong enough to cause a demand

for peace, it may be enforced before long by pressure from within. Just what is going on behind the scenes in several of the warring countries, no one in the United States knows. It is inconceivable that the war can be prolonged indefinitely on the present colossal scale.

No doubt the Entente Allies considered Germany's peace proposals as representing a far more confident tone than the actual situation warrants—the position practically of a conqueror holding his advantage most precariously. They wish to make peace only when the enemy shall assume more of the attitude of a suppliant than a victor.

A Bank's Failure as Viewed by the Comptroller of the Currency

[From a Statement Issued from the Office of the Comptroller of the Currency, January 16.]

THE Heard National Bank of Jacksonville, Fla., capital one million dollars, was closed to-day by order of its directors. This bank was chartered February 2, 1912.

The investigations by this office show that the bank's officers not only lacked the experience necessary for proper management, but were both incompetent and reckless. The bank's assets were largely tied up in loans to officers and directors and to enterprises in which these men are interested and in other loans and investments (including a pretentious and needlessly costly bank building), which the exercise of the most ordinary prudence would have avoided.

The Heard National Bank has been in an unsatisfactory condition for many months past, but as a result of the efforts of the Comptroller's Office a large amount of doubtful assets have been collected or properly secured, so that there is now reason to hope that by a careful administration of the trust, depositors may ultimately be paid in full. The loss will fall principally upon shareholders.

The bank had a large number of directors, of more or less prominence, but many of them were non-residents of Jacksonville, rarely attended board meetings, and permitted the bank to be dominated and run principally by unfit officers and a few directors who were big borrowers of the bank, and who otherwise seriously neglected their duties and ignored their responsibilities as directors. The president's liability to the bank is reported at approximately $300,000.

The failure of this bank again shows the need of a law to prevent loans by national banks to their active officers, which the Comptroller of the Currency has repeatedly and earnestly recommended to Congress. Had such a law been in effect, this failure could have been avoided.

Parallels of Forgery

By DAVID N. CARVALHO

This is the second of a series of articles on forgery by David N. Carvalho, the noted handwriting expert. The first article appeared in January.—Editor BANKERS MAGAZINE.

THE introduction of the so-called safety papers and inks, cutting punches, perforators and other mechanical devices for the purpose of protecting mercantile paper opened a brand new field. Those forgers who were brainy enough to soon discover that because bank officials relying on such precautions, failed to scrutinize either the paper or the presenters as closely as in the days of plain white paper blanks, made capital out of these facts. Thus it happened, and became, so to speak, more the fashion among forgers to "raise" checks, drafts and the like either by substituting the name of the payees or changing the amounts. Onc of the more famous cases where this was done occurred in the city of San Francisco in 1895, and included the successful raising of a draft by mechanical and chemical means from $12 to $22,000. The criminal author of this ingenious fraud was one Charles Becker, a "Jim the Penman," who as an all-'round imitator of any writing and manipulator of monetary instruments, then stood at the head of his "profession." Arrested and taken to San Francisco, from whence he had fled, he was brought to trial. Two of his pals turned "State's evidence." Becker was sentenced to a life term. Through an error on the part of the trial judge, he secured a new trial on an appeal to the Supreme Court. The jury disagreed on a second trial, but on the third trial he was convicted. Becker pleaded for mercy, and as he was showing signs of a physical breakdown, the court was lenient with him. Fourteen years was his sentence.

After his incarceration in San Quentin Prison, he described to me in a single sentence how he had risen to the head of the craft of forgers: "A world of patience, a heap of time, good inks and a splendid set of teeth to be utilized as a paper mill—that is the secret of my success in the profession." In reply to my question as to what was the underlying motive which induced him to forge, he answered one word—"Vanity." The following brief resumé I quote in part from my work, "Forty Centuries of Ink":

On December 2, 1895, a smooth-speaking man under the name of A. H. Dean hired an office in the "Chronicle" building in San Francisco, under the guise of a merchant broker, paid a month's rent in advance, and on December 4 went to the Bank of Nevada and opened an account with $2,500 in cash, making the statement that his balance would run from $2,000 to $30,000, and that he would want no accommodation. He manipulated the account so as to invite confidence, and on December 17 he deposited a draft of the Bank of Woodland, California, drawn upon its correspondent, the Crocker-Woolworth Bank of San Francisco. This amount was placed to the credit of Dean and the draft was sent through the clearing-house and was paid by the Crocker-Woolworth Bank. Next day, the draft having been cleared, Dean called and drew out $20,000, taking the cash in four bags of gold and $2,000 in bills. At the end house and was paid by the Crocker-Woolworth Bank made returns to the Woodland Bank, it included the draft for

$22,000. Then the fraud was discovered, and once more the lesson to bankers of advising their correspondents about drafts drawn by them received a new aspect. The Bank of Woodland had drawn no such draft, and the only one it had issued which was not accounted for was one in favor of A. H. Holmes, who on December 9 had called to ask how he could send $12 to a distant friend.

My examination of this triumph of the forger's art disclosed the almost absolute perfection with which it had been "raised," and even with a strong glass it stood scrutiny. In the body of the original $12 draft had been the words "Twelve dollars." The forger, by the use of a chemical preparation, erased the final letters "lve" and had substituted the letters "nty-two," so that in place of the "Twelve," as it appeared in the genuine draft, there was the word "Twenty-two" in the forged paper. In the place between the word "Twenty-two" and the word "dollars" Becker had inserted the word "thousand," so that in place of the draft reading "Twelve dollars as at first, it read "Twenty-two thousand dollars" as changed. In the original $12 draft the figures "1" and "2" and the character "$" had been punched, so that the combination read "12." Becker had filled in these perforations with paper stock prepared in his mouth, gummed over and ironed this particular place so that it looked exactly like the field of the paper. Then he perforated the repaired place with a combination "$22,000." The dates, too, had been erased by chemicals and in their stead were dates which would make it appear that the paper had been presented for payment within a reasonable length of time, after it had been issued. In the places where letters had been erased by chemicals the coloring of the paper had been restored.

The career of Charles Becker preceding the San Francisco forgery was a most romantic one and involved also the counterfeiting of French bank notes, besides the forging of signatures. As far back as 1877 he and some of his companions were arrested in New York in connection with a forgery of $64,000 on the Union Trust Company. He was able to escape conviction, but his pals were not so fortunate, and were sent up the river to serve time. Later, in another matter, he was convicted and sent to the Kings County Penitentiary for six years and six months. His death a short time ago terminated an eventful and picturesque career.

Ten years before the Becker episode in California Charles J. Everhart, alias "Mash Market Jake," etc., in company with several accomplices had been arrested and convicted for forgeries committed on the Corn Exchange Bank of New York. Shortly afterwards the "Jensen" band forged several checks supposed to be drawn by Coffin & Stanton, gold brokers, on the Bank of Manhattan, who duly certified them. They were deposited in the Garfield National Bank and the band got away with the money. Jensen was subsequently captured and pleaded guilty.

Another band headed by one Charles Carlesi successfully swindled the Hanover National Bank, the Knickerbocker Trust Company, the Union Exchange National Bank, the Columbia, the Yorkville, the State Bank and the Bank of the Metropolis. The other banks that suffered from this band of forgers were in Pittsburgh, Philadelphia, Boston, Chicago and Cincinnati. In 1905 Carlesi was convicted of counterfeiting and sentenced to serve three years and six months in a federal prison. He was pardoned by President Roosevelt. In 1912 Carlesi once more found himself under arrest. This time the specific charge involved a $3,500 check modeled from a genuine $25 one, of the firm of Fiss, Doerr & Carroll, horse dealers of New York. One of his accomplices obtained the money from the Hanover National Bank. He was convicted and sentenced and is now serving a twelve-year term in prison.

Of late years, however, the activities of forgery bands as bands appear to have ceased, which ought to be a cause of congratulation to the banking fraternity at large, and those great detectives who ably assisted in rounding them up,

among whom were my friends, the Pinkertons, Burns, Doughertys, Newcomes, Drummonds, Schmittbergers, Heidelberg, Sheldon, McLellan and several others.

I have sketched only a few of the more conspicuous exemplars of the achievements of forgery bands as bands and which can be readily recognized. Their kindredship to the "Art of Forgery" should possess peculiar interest if only because its status and its progress are closely interwoven with many of the unhappy banking conditions which obtained for so prolonged a period.

As already indicated, the professional bands were compelled largely by the very character of their undertakings to operate strictly speaking, on the "outside." Just how far their potentialities have been inherited by the non-professional forgery units, who are their unworthy successors, we have almost a daily object lesson. The work of some of these "amateurs" equal if they do not excel in many respects that of their forbears. With broader fields, more intimate environments and, most important of all, opportunity which presents itself suddenly and unsought, offers temptation to those who seek easy money. It is not surprising, therefore, to find the woods full of these kind of amateur forgers who work from the "inside," fully acquainted with the employer's business, financial methods and bank balances. Hence, in addressing attention to a more modern art of forgery and which seems to have developed at the commencement of the present century, we find a variety of methods both in swindling and forging which could not have been thought of or consummated in less progressive times.

The skill and ingenuity of this younger school of forgers is incomparable, particularly the facility with which many of them have been able to write other people's signatures, and it was in reference to such dexterity that Chief Justice Edgar M. Cullen of the New York State Court of Appeals in rendering the final decision of Critten vs. The Chemical National Bank of this city in 1902, saw fit to employ the following language:

"The skill of the criminal has kept pace with the advance in honest arts and a forgery may be made so skilfully as to deceive not only the bank, but the drawer of the check as to the genuineness of his own signature."

This particular case, however, did not have to do with the forging of signatures, but related entirely to the "raising" of checks. The Critten firm's cashier, a man by the name of Davis, was in the habit of drawing the firm's checks, which he would then take before removal from the check book to Mr. Critten, accompanied by the proper voucher, for signature; and this had been the rule for many years. Sometimes, however, after the signatures had been appended to checks, he would chemically erase the name of the payee and insert the word "Bearer" or "Cash," and as he was well known at the Chemical National Bank, would himself tender the check over the counter, which would be promptly paid. By "kiting" business accounts in his books, and not altering the stub entries in the check book, he was able to continue his check raising for some time, when, due to a sudden illness and the demand of one of the firm's creditors for payment of an outstanding bill, led to an investigation which resulted in the arrest of Davis. So well executed was the check raising, that the bank decided to defend a suit against them. It became necessary in order to prove the "raising" to cause a restoration of the erased portions of some of the checks, which I succeeded in accomplishing, and De Frees Critten won his cases.

This decision of the Court of Appeals of this State, and which still prevails, has since been adopted by the courts of other states. In substance it decided that a "raised" check was on "all fours" with one where the signature was forged. The maker of the check was no longer responsible. Hence, it followed that most of the banks in order to reduce to a minimum as far as possible undiscoverable check raising, substituted for the old-fashioned white paper, so-

called safety papers, possessing fugitive tints and designs, which would be removable upon the application of chemicals, and in this way sometimes call attention to the fact that the check had been tampered with. This action by most of the banks created quite a boom for the safety paper manufacturers, who theretofore had been in the habit of disposing of their products by the pound to individual bank dealers, and who were now able to sell to the banks by the ton.

The votaries of modern schools of forgery are not always confined to a male membership. Not infrequently there appears on the horizon of the banking world one of the opposite sex, who proves quite as skilful as her criminal brothers in devising unusual methods of swindling and forging. One of these female impersonators of honest folks was a woman with a very unsavory record, who married in the year 1896 in the city of Cleveland, Ohio, Dr. Leroy S. Chadwick. It appears that when she married she changed both Christian as well as surname, and by the new name of Cassie Chadwick was she thereafter known. Her activities ran along unchallenged for a considerable period. She collected together by devious ways a great fortune. As part of her deceptions, she insinuated that she was the natural daughter of Andrew Carnegie, and as such persuaded Ira Reynolds, who was secretary of a banking company in Cleveland, to deposit in their safe deposit vault a package which she told him contained securities of various kinds amounting to millions of dollars. Mr. Reynolds when accepting the package received from her also a written memorandum of its alleged contents, specifying them in detail. The next day she communicated with Mr. Reynolds and told him that she had failed to make a copy of the list of the securities, and would he not be kind enough to make a copy and send it to her, which Mr. Reynolds very foolishly did, acknowledging in his own handwriting on a sheet of paper containing the imprint of his bank as to having the custody of the securities as therein enumerated, and to which he signed his name. With the Reynolds letter of acknowledgment as a guarantee of her character and wealth, she was able, by going from place to place, to obtain enormous loans from banks and other institutuions on forged notes of Andrew Carnegie, utilized as gilt-edged collateral, a few of them calling for as much as $500,000 each. She kept bank directors and other financial individuals on tenter hooks for months chasing after her until finally an Eastern one declined to believe her word any more, and began a civil suit against this Cassie Chadwick, which becoming known, resulted in a small panic and closed several banks. Later she was indicted by the Federal Court in Cleveland, in 1903, convicted and sentenced to the penitentiary for ten years, where she died after serving three and one-half years of her sentence. It was estimated that she secured nearly three millions of dollars.

Benjamin H. Gaskell, banker and broker in the city of Philadelphia, whose reputation and credit were seemingly of the best, but through speculations had lost his fortune, decided to recoup in the quickest possible manner. He assembled together a number of genuine stock certificates of only a few shares each, which he "raised," and used as collateral in securing large loans from the big banks and trust companies of that city. To give him more standing with his victims, he caused a rumor to be circulated that he was the confidential broker of the Standard Oil crowd in New York. In less than three months his profits from these forgeries were far in excess of one million dollars. By the merest accident one of the forgeries was discovered, which caused investigation of his other securities, filed away in the various bank vaults. The banks and trust companies were only able to recover the original amounts specified on the certificates before they had been raised or tampered with. Gaskell died in 1905.

There has been an increasing number of discovered forgeries both petty and great, no part of the United States being exempt from this class of crimes, though the criminal convictions do not keep full pace with them because where

the specific charge is "larceny"—forgery may constitute one of the elements of the case, and if the prisoner is convicted, would be sentenced only for the crime of "larceny." Nevertheless, the prison records call attention to the fact that the crime of "forgery" has multiplied materially during the last fifteen years.

A well-known prison warden lately observed to me: "This forgery business must be quite prevalent, if I am to judge by the frequent additions in that line to my roll of convicts." "Yes, Mr. Warden," I replied, "your surmise is correct. Forgery has become a sort of disease and at the present moment partakes of the nature of a real epidemic."

Banking and Commercial Law

CASE COMMENT AND REVIEW

The "Blue Sky Laws" Held Constitutional

THE so-called "Blue Sky Laws," which have been enacted in about twenty-six states, and which attempt to regulate the sales of securities, barring out get-rich-quick schemes, were held to be constitutional on January 22, by the Supreme Court of the United States, in so far as the laws of Ohio, Michigan and South Dakota are concerned. These laws do not attempt to prohibit unwise investments, but give state officials authority to regulate and control such matters. Three cases came before the Supreme Court and were argued in October, 1916, concerning the constitutionality of the laws of Ohio, Michigan and South Dakota. These laws had been attacked in the lower Federal courts with success and appealed. The general grounds on which they were called void were:

That they unduly burden interstate commerce, of which stocks and other securities were concluded to be instrumentalities, and that the laws exceeded the states' police powers.

Justice McKenna in the opinion says:

"Prevention of deception is within the competency of government. The intangibility of securities being representatives of property in distant states, and the integrity of them can only be assured by the probity of the dealers in them and the information they are required to give. This assurance the states deemed necessary for their welfare to require, and that requirement is not unreasonable or inappropriate.

"We cannot stay the hands of government upon a consideration of the impolicy of its legislation. Every new regulation of business meets challenge. But the policy of a state and its expression in laws must vary with circumstances.

"The statutes burden honest business, it is true, but burden it only that under its forms dishonest business may not be done. Expense may thereby be caused and inconvenience, but to arrest the power of the state by such considerations would make it impotent to discharge its functions. It costs something to be governed."

Twenty-six states reported to have blue sky restrictions are Arizona, Arkansas, California, Connecticut, Florida,

Georgia, Idaho, Iowa, Kansas, Louisiana, Maine, Michigan, Missouri, Montana, Nebraska, North Carolina, North Dakota, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Texas, Ver-

[For text of the decision, see page 125.]

The Right of a Bank Depositor to Receive His Cancelled Vouchers

THE value of a cancelled check on a bank as evidence that payment has been made to a certain party and in a certain sum is recognized in all business and banking circles; in fact, the safeguards afforded by a bank to its depositors in this respect is one of the most important of its many services to the public. Such cancelled checks are invaluable to the drawer thereof, and are usually regarded as his property. The general custom is either to balance the passbook and return the cancelled vouchers, or to render a periodical statement of the account, which is practically the same thing. It is apparent that upon the return of these vouchers the depositor is put in possession of facts that may avoid lawsuits and losses. The frequent return of the vouchers and the reconciliation of the account by the depositor will, if properly done, promptly detect forgeries or irregularities in the account.

In the current number we report a case where deposits were made aggregating $4,429, and withdrawn in various amounts within a period of two and a half years, during which time and for some time after, the depositor had no knowledge that her account had been withdrawn on forged orders. She received no statement of her account, nor were her vouchers returned to her. When the cancelled checks were demanded, not only were they refused, but also an inspection thereof.

So eminent an authority as Morse on Banks and Banking says: "But further than this there is ground for holding that it is also the duty of the bank at common law to return his paid checks to the depositor. He is considered to have the better right to them, for they are regarded as his evidence of payment of the debt to the payee named in them. The bank is said to hold them only as his agent."

There are a few banks that take the position that the voucher is the property of the bank, but this is not the custom except in savings banks, where each transaction is entered on the book at the time, which affords the depositor a complete transcript of his account.

This is the only case that has come to our attention involving this question, and is worthy of perusal because of the unusual point raised. See Van Dyke vs. Ogden Savings Bank.

"Payable in Merchandise"

IN the payment of labor by large industrial concerns, it is frequently the custom to make remuneration in such form that the employing concern directly or indirectly benefits by making it obligatory on the part of the employe to use the wages for the purchase of supplies at such places as are controlled by the parent concern. These payments take the form of brass pay checks, coupon books, store books, or other devices that are redeemable only at the company stores. It is obvious that if the wage earner must spend his earnings where the employer directs, a profit is reverted back to the dispensing source. In some cases this has grown to such a state of monopoly and abuse of freedom of action that such practices have been forbidden by law as against public policy.

In the case of Pond Creek Coal Company vs. Riley Lester & Bros. in this issue, the point of the negotiability of these wage tokens is raised. The Pond Creek Coal Company paid its employes by giving them coupon books redeemable at the Pond Creek Stores Co., which is closely allied with the coal company.

the stockholders being identical. These coupons were payable in merchandise only, and only at the store of issue.

Riley Brothers are engaged in merchandising in the vicinity of the stores company and purchased from various laborers these coupon books to the amount of $1,524.48, and demanded the payment of the same in money, which was refused; but the Stores Company offered to redeem the books in merchandise.

These coupon books are obviously not negotiable instruments, in that they lack the essential characteristics of negotiable instruments. While they contain a promise, this promise is not to pay a *sum certain in money* to order or to bearer; nor do they contain an order to pay in the same tenor. The equitable title can be transferred by proper assignment, for what a man owns he can sell or transfer by proper instrument, but these tokens, calling for the payment *in merchandise,* lack the essential point in a negotiable instrument in that the sum cannot be determined; and cannot therefore be classed as negotiable instruments.

Leading Cases

"Blue Sky Laws"

U. S. Supreme Court.

Constitutionality of Laws Regulating and Restricting the Sale of Securities.

(Editor's Note: The "Blue Sky Laws" of Michigan, Ohio and South Dakota are practically the same. The constitutionality of these laws was attacked in the lower courts and appealed to the United States Supreme Court. The grounds on which the lower courts ruled against the constitutionality are similar. Three cases were tried at the same time and Justice McKenna rendered the opinion in each case, which covers practically the same ground, and a reading of his opinion gives a clear idea of the attitude of the court.)

Supreme Court of the United States, January 22, 1917.

MERRICK ET AL. VS. HALSEY & CO. ET AL.

The question in the case is the validity of the Blue Sky Law (using this designation for convenience) of the State of Michigan. The law is almost identical with that of South Dakota, which is the subject of the decision in No. 386. The pleadings are elaborate and practically defy synopsis. There are direct complainants and intervening complainants, expressing the grievances of dealers in the state and outside of the state, and of persons who would like to be dealers in the state but are deterred, they allege, by the expense of the undertaking. The law, therefore, is assailed from all points and in all aspects.

The original bill includes in it as parties corporations, individuals, co-partnerships, residents and citizens of different states, all engaged in the investment banking business and in the business of buying and selling stocks, bonds and other securities, and offering them for sale in Michigan, and who have contracted from time to time to sell such securities for the owners thereof and for the issuers thereof. They have expended large sums of money in advertising their business and have a valuable good will and an extensive clientele and have acquired valuable information as to the conduct of their business and as to the names and addresses of persons, firms and corporations who buy the designated securities in Michigan. They send into the state their agents and employees, who there solicit orders for the securities and transmit such orders to complainants, at Chicago, Illinois, which orders are accepted and the securities so purchased are transmitted to Michigan. Their representations of the securities are true representations, they allege, and that they have been solicited to sell and have contracted to sell them, but have been informed that they cannot be permitted to sell

them without complying with the Michigan statute.

The various provisions of the statute are set out, with details as to the manner of its operation; the irrelevancy of it is asserted, the useless labor of it—in some cases the impossibility of it—and in other cases its unreasonableness; and it is further asserted that its exaction of matters of confidence and its requirements invade and destroy property rights, curtail freedom of contract and otherwise seriously damage complainants' business and property. All of this is alleged with industrious and elaborate detail.

The other charges of invalidity against the act are: (1) It is in violation of the constitution of Michigan, which provides that no law shall embrace more than one object, which shall be expressed in its title, with specifications. (2) It offends against the Fourteenth Amendment of the Constitution of the United States, especial stress being put upon the exceptions of the statute, which are asserted to be discriminations in violation of the equal protection of the laws guaranteed by that amendment. (3) It imposes a burden on interstate commerce in violation of Section 8, Article I, of the Constitution of the United States.

Under the latter objection there is elaborate specification of particulars which exhibit, with the specifications under the other objections, every shade of meaning, purpose or effect that ingenuity can ascribe to the statute—indeed, every provision of the statute is reviewed and charged with some form of illegality. However, the attacks may be condensed in the charge that the statute is a violation of the prohibitions of the Fourteenth Amendment of state action because of its restrictions or prohibitions of a lawful business; and a violation of the commerce clause of the Constitution because the designated securities are articles of commerce and as such entitled to unmolested transportation between the states, and that the statute is a direct burden upon them in many cases, prohibitive in others—with the addition that the statute delegates legislative power to the commission created by it, inflicts cruel and unusual punishments and imposes penalties whose object is to deter from a test of its validity; and inflicts cruel and unusual punishments in violation of the constitution of Michigan.

It is also alleged that in a suit entitled Alabama & N. O. Transportation Co. et al. vs. Doyle, in the District Court for the Eastern District of Michigan, the statute, of which the statute under review is an amendment, was declared unconstitutional and void, the opinion in which case is reported in 210 Fed. 173, and that the statute there passed upon is similar in all illegal particulars to the present statute. A remedy in equity is asserted because of alleged irreparable injury and on account of the penalties imposed, and an injunction is prayed against the enforcement of the act.

At the same time that the bill outlined above was filed another bill was filed by The Weis Fibre Container Corporation, a corporation of South Dakota, whose purpose is to manufacture, buy and sell paper or fibre containers and similar products. It is not an investment company but a manufacturing company. Its securities are not supervised or regulated by any public service board or commission and the proceeds from the sale of its stocks and securities are employed in the prosecution of its business and are not otherwise invested. The corporation is duly authorized to do business in Michigan; its stock is valuable, and it has offered it for sale in Michigan directly and through agents and employees; and it is alleged that the representations made in regard thereto are true. It has solicited various persons in Michigan to offer its stock for sale and they have informed it that its stocks cannot be sold in Michigan unless full compliance is made with the statute.

The bill attacks the statute for the illegalities detailed in the other bill and, considering that the only remedy is in equity, prays an injunction against the enforcement of the act.

A restraining order was issued en-

titled in both cases. Subsequently, on September 16, 1915, a partnership, organized and existing under the laws of the State of Ohio, having the name of Otis & Company and composed of citizens of Colorado and Ohio, filed a petition in intervention.

That company is a dealer in bonds and other securities in Michigan and such bonds and securities are of the kind which the statute of the state regulates. It also sends agents into the state to solicit orders for such securities and transmits orders to its offices in Cleveland, Ohio.

It asserts identity of situation with the complainants in the other bills and adopts their charges against the statute and prays to be made a party complainant to the cause and for the benefit of the restraining order issued therein and for such other relief as the court may deem meet.

A demurrer was filed to the bills and a motion made for injunction. The company was given the benefit of the restraining order and a like benefit was given to all others who might petition to intervene, the restraining order to continue until the disposition of the motion which had been made for injunction. The injunction was subsequently granted (228 Fed. 805) and to review it this appeal is prosecuted.

There was a partnership under the name of Remick, Hodges & Company, Remick and Hodges being residents of New York and March a resident of New Jersey, having their office at the city of New York and engaged in buying and selling stocks, bonds and other securities. Their business is known as investment banking and is carried on in New York and by their agents there and elsewhere and by mail with various corporations, associations and persons throughout the United States and in the State of Michigan. They own many of such securities which they have offered and are offering for sale and desire to continue to offer to their customers in the State of Michigan. They have no place of business in the state and are not at the present time sending agents into the state, but are endeavoring to sell securities there; but the volume of such business is not sufficient to justify them to attempt to comply with the statute of the state and the statute, if enforced against them, will have the effect of preventing them from making any further offers in the state and from attempting to establish or develop any business therein, and they are excluded thereby from interstate commerce in such securities which they have heretofore enjoyed.

They allege themselves to be in like situation with complaints and adopt the allegations of complainants' bills, and especially complain of the penalties which may be enforced against them and their agents and pray to come into the suit as parties.

The causes were subsequently consolidated by a *nunc pro tunc* order.

The injunctions restrained the defendants from enforcing the act and from beginning or instituting any action, civil or criminal, against complainants "based upon or pursuant to such act."

OPINION OF THE COURT

Mr. Justice McKenna: The statute of Michigan is the same as the statutes of South Dakota and Ohio, and our reply to the attacks made upon it might be rested upon our discussion of those statutes.

But in the present case, as we have said elsewhere, the arguments, while fundamentally the same, are in some respects more circumstantial. All the supposed consequences of the law are dilated upon—wherein, as it is contended, it meddles with or burdens a business asserted to be legitimate, wherein it prohibits or gives power to an executive officer to arbitrarily prohibit such business, and wherein it confuses legislative and executive powers, and in these ways and other ways, as it is further contended, transgresses the Constitution of the United States. Many cases are cited to support the contentions and publicists are avouched to the same end. In our discussion we cannot be as elaborate in details as counsel, nor is it nec-

essary. There are certain outside propositions upon which all others may be regarded as dependent. These propositions were considered in the other cases and we need now only supplemnt what was there said.

The appellants justify the law by the police power of the state and its comprehensive reach. Replying, appellees urge against it the limitations of the Fourteenth Amendment and the national supremacy over interstate commerce; and applying the Fourteenth Amendment, assert in many ways (we select one and upon it the changes are rung) that the issue of the securities "is in effect the making of contracts 'proper and necessary and essential' to the pursuit of lawful livelihoods or avocations," and cannot be "made the subject of discretionary executive license," controlling thereby individual transactions.

The assertion encounters immediately many cases in which laws have been sustained limiting the making of contracts and regulating business through executive agencies and necessarily controlling individual transactions. Indeed, there are too many for even marginal citation. They, however, are attempted to be distinguished or restricted. It is said by counsel that they "deal with administrative control over matters of public right or public grant or existing at public suffrance." And it is admitted that "the Legislature may deal drastically with many matters of private right, to prevent or redress individual wrongs." It is further admitted that "drastic remedies may be prescribed *by law* [italics ours] for evils deemed by the Legislature to require them." Excluding the proposition so expressed from application to the Michigan law, it is insisted that the business to which it applies "neither requires nor justifies, nor is susceptible of, administrative or executive control for the purpose of preventing a wrong or injury by one individual to another." Of course, the implication, if not the direct assertion, is that the business of dealing in securities has not that character. Neither the principle nor the assertion is very tangible. The first incidence of any evil from a business or conduct is upon some individual and through the individual (let us say individuals, for necessarily there are more than one) upon the community, nor can it be affected in any other way. Besides, it is for the state to judge in such circumstances and the judgment and its execution would have to be palpably arbitrary to justify the interference of the courts. Counsel, indeed, frankly concedes the evil of "get-rich-quick" schemes and quotes the banking commissioner of the State of Kansas for the statement that the "Blue Sky" law of that state had saved the people of the state $6,000,000 since its enactment and that between 1,400 and 1,500 companies had been investigated by the department and less than 400 of the number granted permits to sell securities in the state. Counsel also quotes the confidence of the commissioner in the efficacy of the law and that it will "eventually result in the regulation and supervision of all kinds of companies in the same manner as banks are now regulated and supervised."

Against this statement, however, counsel cites the view expressed by the British Board of Trade of the inexpediency of an official investigation "into the soundness, good faith, and prospects" of companies. Upon this difference in views we are not called upon to express an opinion for, as we have said, the judgment is for the state to make, and in the belief of evils and the necessity for their remedy and the manner of their remedy the state has determined that the business of dealing in securities shall have administrative supervision, and twenty-six states have expressed like judgments.

Much may be said against these judgments, as much has been said, and decisions of the courts have been cited against them. We are not insensible to the strength of both, but we cannot stay the hands of government upon a consideration of the impolicy of its legislation. Every new regulation of business or conduct meets challenge and, of course, must sustain itself against challenge and the limitations that the Con-

stitution imposes. But it is to be borne in mind that the policy of a state and its expression in laws must vary with circumstances. And this capacity for growth and adaptation we said, through Mr. Justice Matthews, in Hurtado vs. California, 110 U. S. 516, 530, is the "peculiar boast and excellence of the common law." It may be that constitutional law must have a more fixed quality than customary law, or, as was said by Mr. Justice Brewer, in Muller vs. Oregon, 208 U. S. 412, 420, that "it is the peculiar value of a written constitution that it places in unchanging form limitations upon legislative action." This, however, does not mean that the form is so rigid as to make government inadequate to the changing conditions of life, preventing its exertion except by amendments to the organic law. We may feel the difficulties of the new applications which are invoked, the strength of the contentions and the arguments which support or oppose them, but our surest recourse is in what has been done, and in the pending case we have analogies if not exact examples to guide us. So guided and so informed, we think the statute under review is within the power of the state. It burdens honest business, it is true, but burdens it only that under its forms dishonest business may not be done. This manifestly cannot be accomplished by mere declaration; there must be conditions imposed and provision made for their performance. Expense may thereby be caused and inconvenience, but to arrest the power of the state by such considerations would make it impotent to discharge its function. It costs something to be governed.

But counsel say that the conditions imposed either are not adequate to such purpose or transcend what is necessary for it. Indeed, it is asserted that the statute has not that purpose, "but rather to prevent financial loss." The assertion is against the declaration of the title of the statute and against the words of its body, and cannot be justified by assigning to it the purpose of the law which it amends; nor can we assent to the contention that such purpose must be inferred from section 8 or other provisions which point, it is said, to the probability of financial loss, not fraud. The act must be considered from its declared purpose and as a whole, not from detached portions which can be easily overwhelmed when assigned a false character.

It is, however, said that, assuming the statute have such purpose, the fraud referred to is not a proper object for the police power, and it is asked, "Can the occasional fraud, that fraud which arises in the individual transaction, justify a law regulating the business of which the single transaction is a part? Or must it be fraud which is incidental to the business, a fraud which the business itself, from its character and the manner in which it is generally conducted, invites and encourages?" And, quoting from People ex rel. Tyroler vs. Warder, 157 N. Y. 116, "'It is a novel legislation indeed, that attempts to take away from all the people the right to conduct a business because there are wrongdoers in it.'" To the latter we say the right to do business is not taken away; the other we have already answered and need only add that we cannot upon such considerations limit the power of the state. The state must adapt its legislation to evils as they appear and is not helpless because of their forms.

Engel vs. O'Mally, 219 U. S. 128, was not decided because fraud was incidental to the business of banking by individuals or partnerships but because fraud could be practiced in it and that hence it could be licensed. Nor was it decided in Allen vs. Riley, 203 U. S. 347, that the transfer of patent rights was of itself illegal or that any particular transfer would be deceptive, but that some transfers might be; and so a statute of Kansas which required any person selling or offering to sell such rights to conform to certain requirements was declared valid. Nor did we hesitate to hold valid the regulation of the business of employment agencies. It was a lawful business and would not in instances be injuriously condueted; but in instances it might be, and because it might be, with injurious consequences,

its regulation was provided. This court sustained the regulation and the condition that it was to be enforced according to the legal discretion of a commissioner. Brazee vs. Michigan, 241 U. S. 340. See also Brodnax vs. Missouri, 219 U. S. 285. Other cases might be cited of similar import.

It may be that there are better ways to meet the evils at which the statute is directed and counsel have felt it incumbent upon them to suggest a better way. We can only reply that it is not our function to decide between measures and upon a comparison of their utility and adequacy determine their legality.

The contentions upon the discriminations of the statute we rest upon the comment made on like contentions in the other cases. A special emphasis, however, it put by appellees upon the adoption by the commission of "so-called 'standard manuals of investment.'" The adoption of these manuals, it is said, is justified by the commission under section 3 which enumerates the securities that are exempt from the law, among others, "(h) securities which are listed in any standard manual of information approved by said commission." The provision is attacked as "'the Michigan idea' of providing an easy way out of the act at all times." And further, "It is not so much an exemption of existing standard securities as a working exemption available for new offerings to be listed as issued." And again, "It is to be a permanent means of exempting new securities from the act." Even this, it is asserted, is not all of the power that is given for discrimination, for it is pointed out that the commission may call for additional information than that contained in the manuals and may, pending the filing of the information, suspend the sale of the securities and may also suspend, either temporarily or permanently, the sale of any securities listed in such manuals after a hearing upon notice, if the commission shall find that the sale of such securities would work a fraud upon the purchasers thereof.

The exemption and the provision are declared to be unconstitutional and it seems to be intimated that in the flexibility of what is considered their subterfuge a vicious character is not only given to the act but constituted its inducement, and therefore brings the act down with it, for without it, it is insisted, the statute would not have been enacted. We cannot agree either to the characterization of the provision or its effect. The first would attribute a sinister purpose to the legislation of which there is no indication, the second would give too much importance to a subordinate provision, one that is only ancillary or convenient to the main purpose.

The contentions based on the exemption and provision are a part of that which accuses the law of conferring arbitrary discretion upon the commission and committing to its will the existence or extinction of the business. The accusation is formidable in words but it is the same that has been made many times. It is answered by the comment and the cases cited in the opinion in the other cases. Besides, we repeat, there is a presumption against wanton action by the commission, and if there should be such disregard of duty a remedy in the courts is explicitly given, and if it were not given it would necessarily be implied.

Objection is made that the title of the act does not indicate its provisions and that the act hence violates the constitution of Michigan. The objection is untenable and does not call for particular notice.

Answer to the contention that the statute is an interference with interstate commerce we leave to our opinion in Nos. 438, 439 and 440.

Decree reversed and cause remanded for further proceedings in conformity with this opinion.

Mr. Justice McReynolds dissents.

Negotiability

Kentucky

Assignments—Payment of Wages—Master and Servant—Merchandise Coupon Books

Court of Appeals of Kentucky, October 31, 1916.

POND CREEK COAL CO. VS. RILEY LESTER & BROS.

Coupon books issued by a coal company to its employes, redeemable only in merchandise, and by their terms not transferable, are not negotiable.

Two actions by Riley Lester & Bros. against the Pond Creek Coal Company, which were consolidated for trial. Judgments for the plaintiffs, and defendant appeals. Reversed, with directions.

OPINION OF THE COURT

Thomas, J.: The appellant, Pond Creek Coal Company, is a corporation, and operates a number of coal mines located in Pike county. It employs, in the operation of its mines, a great number of people, the most of whom are miners engaged in digging and taking coal from the mines. According to this record, in connection with the mines of the appellant, Pond Creek Coal Company, a number of stores are operated in the vicinity, from which those employed in and about the mines may obtain the necessary merchandise and articles for family-use. These stores, however, are operated under a different name, which is that of Pond Creek Stores Company, but it is shown that this latter corporation is in reality owned by the Pond Creek Coal Company, and is an auxiliary to it, and formed only for the purpose of operating the stores, the stockholders being identical in the two corporations. The various stores or mercantile establishments so operated ostensibly in the name of Pond Creek Stores Company issued to the employes of appellant coupon books ranging in value from $1 up to $10 each, and in which are coupon certificates of the face value of from 1 cent up to $1. It is stated on these books that they are payable in merchandise only, and are not transferrable, and, furthermore, that they are redeemable only at the particular store which issued them.

The plaintiffs (appellees) are engaged in a competitive or independent merchandise business in the vicinity of the location of the mines, and according to their allegations they purchased for value from the various employes to whom such coupon books had been issued the unused portion of them to the amount of $1,524.48. They demanded from the defendant, Pond Creek Coal Company, payment of this amount in cash, and offered to deliver to it the coupons representing that amount, but it declined to pay this sum, or any part of it in cash, although it offered to redeem the books in merchandise at its stores, which plaintiffs declined, and thereupon filed this suit on November 7, 1914, to recover the sum demanded. Plaintiffs recovered judgment for the amount sued for on March 29, 1915, to reverse which this appeal is prosecuted.

A similar suit based upon the same character of claim, was filed by the same plaintiffs against the same defendant on July 24, 1915, to recover the sum of $411, which resulted in plaintiffs obtaining a judgment for that amount, and the transcript of that case has been filed in this court, accompanied by a motion for an appeal, as the judgment is for a sum less than $500 and more than $200. By an order entered in this court the two appeals are heard together, as they are between the same parties, and involve the same questions. A special demurrer was filed in each petition upon the ground that the assignors were not made parties and the coupon books upon which the actions are based were not transferred or assigned to the plaintiff in writing, and there is no signature of the alleged assignor to that effect on any of the books upon which the actions are based; in other words, that the assignment and transfer of the books, if made at all, rests alone in parol. These demurrers were overruled, to which ex-

ceptions were reserved, and this is the first ground of complaint.

The coupon books are evidently not negotiable instruments under the laws of this state, nor are they such under the common law, known as the law merchant. They are neither on their face made payable to bearer, nor at any particular time, nor in the currency of the realm, nor even under the terms of their issual permitted to be made payable to the order of the one to whom they are issued, as such one is expressly forbidden to transfer them.

Under the provisions of section 19 of the Civil Code of Practice, and cases from this court cited thereunder, the transferee of such choses in action as are the coupon books sued on herein take but an equitable title thereto, they not being negotiable, as we have seen, and the assignor thereof is a necessary party in a suit by an assignee against the debtor. It is true that plaintiffs allege that they are unable to say from whom they obtained the coupon books sued on, and that many of them were obtained from foreigners who are constantly shifting their places of abode, and perhaps between the time of obtaining the books and filing of the suits many of them had removed from the locality and probably beyond the jurisdiction of the court; still the rule of practice found in the Code provision supra, and as upheld by the decisions of the court, may not be dispensed with by mere allegation, to say nothing of the denials thereon found in the answer. Such conditions, if they existed, would at least be required to be manifested in the legal way, which would be to issue summons for the assignors, and demonstrate by a return of the sheriff the facts which are alleged. The names of the assignors are known by the defendant, and, under proper proceedings, it could be compelled to furnish to the plaintiffs the name of the person to whom the different coupon books had been issued, as they were not issued to him by name, but by his number only. We are therefore of the opinion that the court committed error in overruling the special demurrer based upon the ground stated.

The necessity of complying with this requirement is further sought to be avoided by alleging that there existed a universal and well-known custom in that vicinity with reference to such coupon books as are involved in this suit; that the title to them should pass by delivery only, and that they circulated in that community, under such custom, as a species of circulating medium. This, however, was denied by the answers, to which demurrers were sustained. With the allegations in the petition to this effect denied, an issue was made on this point, and the demurrer to the answer raising the issue should not have been sustained.

The answers contain general denials, including one to the effect that none of the books had been purchased or transferred in any way to the plaintiffs, or that they were the owners of same, and affirmatively alleging the right of the defendant to issue the books and to prescribe that they should not be transferred, and should be payable only in merchandise at the store which issued them. Defendant insists that this is not in violation of either section 244 of the Constitution or of section 1350 or 2738r of the Kentucky Statutes, 1915 edition, because it is alleged that the coupon books were issued at a time when the wage-earner had not then earned any wages, or, if he had earned any, same was not due at the time he received the coupon book. It relies on the doctrine laid down by this court in the case of Avent Beattyville Coal Company vs. Commonwealth, 96 Ky. 218, and insists that it had the right to issue the coupon books at the time it did so, and also the right to prescribe that they should not be transferred and should be payable only in merchandise at the store by which they were issued. To this we are unable to agree.

The question was presented in that case as to whether the employer was criminally liable under the statute (section 1350) for failing to pay its employes their wages "in lawful money of the United States," as was required by

both the section of the Constitution supra and the then existing statute upon the subject. The statute has been somewhat changed since that time, in that now, under section 2738r, there are prescribed pay days, they being the 1st and 15th days of each month, and the wages earned up to fifteen days before each pay day shall be paid at that particular time in lawful money of the United States. The statute, as it then existed, did not designate specified pay days, but it was shown in that case that there was a contractual pay day, which was every month, and it was insisted by the commonwealth that the defendant therein had violated the statute by failing to pay its employes as required therein.

The testimony for the prosecution showed that between the pay days the defendant issued the coupons or script complained of at the solicitation and request of its employes, and there was nothing to show that there was any compulsion used or attempted to be used by the employer to force the employe to accept the coupons or certificates in payment of his wages.

This court therein held that the time when the employer under the statute was compelled to pay his employes in lawful money of the United States was the day which under the statute payment was due, or, as in that case, the day which, under the contracting existing between the employer and employe, the payment of his wages was due; that inasmuch as the coupon books and script there involved were issued in payment of wages not due, and the employe was not compelled to accept them in payment of any wages, the offense of violating the statute had not been committed. Under that authority, if the defendant herein is right in its contention that the books sued on were issued, as alleged by it, no indictment would lay against it for issuing the books under the circumstances.

But because this is true it does not necessarily follow that, if the employe had not exhausted the credit represented by such books at the time his wages became due, and for which or in anticipation of which they were issued, he could not, after his wages became due, present to his employer the book, or unused portion of it, and demand and be entitled to be paid lawful money of the United States therefor. True, it might not have been criminal to have issued the books under the circumstances at the time they were issued, but it would be a violation of the statutes not to redeem the books, if the wages for which they were issued were due, on presentation by the wage-earner. Any other construction would destroy the very purpose of the act and enable the employer to perpetrate all of the mischief which the statute, as well as the Constitution, intended to prevent.

These laws are founded on a wholesome public policy. Frequently the employment is in remote localities and away from centers of population, and where the people to be supplied are composed almost exclusively of the employes of the plant or enterprise. If such merchandise script or coupon books could be issued redeemable only at the store of the employer, and then only in merchandise, all competition would be removed; for no one could be found with sufficient courage to undertake to compete with the employer for the trade of his employes under such circumstances. The opportunity would thus be afforded for the employer to practice the most cruel extortion and demand and obtain exorbitant profits through the enforced necessity of his employes patronizing his store. To prevent the employe from being thus imposed upon, and to induce competition at such places, the laws under consideration were enacted requiring that the employe should be paid his wages in money, with which he could buy his necessities from his employer or any competitive dealer, thus relieving him from the effects of a monopoly, and affording an inducement to others to compete for his trade.

Monopolies are universally regarded as inimical to the common weal. They are the enemies and destroyers of healthy and legitimate commerce, and laws enacted for their suppression should be hailed with approval, and, if

possible, be so construed and applied as to accomplish the desired end. If the laborer, after his wages became due, were not allowed to have such coupon books, or the unused portions thereof, redeemed in cash, the very purpose of the law would be thwarted and the mischief sought to be remedied would flourish without hindrance; for it is an easy matter to see that a sufficiency of such books might be issued between pay days to consume all of the wages to become due on the following pay day, and, although not consumed at that time, if the contention of the appellant is correct, the laborer would be compelled to take credit therefor, and this process might continue throughout his employment, and the only place where the books could be redeemed would be at the company's store, and then in merchandise only. As stated, this would defeat the very purpose of the law, and we decline to so construe it.

It is alleged in the pleadings of plaintiffs that the wages for which the coupon books sued on were issued were due at the time of the filing of the suit, or at least before the rendition of the judgment. This is nowhere denied, and we know from the very terms of the law itself that the wages for which the books were issued must have been due at the time of the filing of the pleadings mentioned and before judgment. If the laborer had the right to demand and receive cash for these books, or unused portions thereof, he also had the right to transfer to his assignee that which he possessed. To deny him this privilege of so transferring this right, although the books are endeavored to be made non-transferable, would enable the employer by this stipulation to set aside altogether the provisions of the law, and thereby set at naught the commendable purpose of the lawmaker in enacting it. Such a consequence cannot meet with our approval. Moreover, the wage-earner is entitled to be paid in lawful money, and the wages earned by him constitute property which he is entitled to deal with as he pleases, including a sale or transfer thereof and it is incompetent for the employer to abridge this right in the manner attempted by the issuing of the books sued on.

By a parity of reasoning, if the laborer could, after the wages become due and payable, demand and receive the cash, he can transfer that right to his assignee. We find no decision from any court in conflict with this; on the contrary, the case of Kentucky Coal Mining Co. vs. Mattingly, 133 Ky. 526, by analogy at least, proves this rule. In that case, instead of the issuing of coupons, there were issued by the operator of the mine metal checks in denominations of the coins of the United States, from 5 cents up to $1. Under a general custom these coins circulated in the community as currency, but on redemption they were to be discounted in the hands of the holder ten per cent. It was shown that the mine owner agreed to redeem these metallic checks in the hands of everybody except the plaintiff in that case, but as to it the defendant refused to redeem them in cash, just as the defendant in this case declines to redeem the coupon books in the hands of anyone for cash. Notwithstanding this, this court decided that the plaintiff therein was entitled to recover judgment for the full amount represented by the checks which he owned and upon which he sued. Our conclusion then is that, if the plaintiffs are bona fide assignees of the coupon books sued on, and which represent payments for wages earned and past due, they are entitled to demand and receive for the face value thereof, from the defendant, lawful money of the United States, and that when this was refused plaintiffs had a right to file and maintain his suit; but they should prosecute it in the manner pointed out by the law, which is that the assignors of the books should be made parties, as is prescribed by section 19 of the Civil Code of Practice, and authorities thereunder.

As the plaintiffs' ownership of the books is put in issue by the answer, it was error to sustain the demurrer thereto. It is attempted to be alleged in one paragraph of the answer that the assignment of these books was an assignment of wages, and that it was made con-

trary to the provisions of section 4758a of the Statutes, in that the various coupon books as purchased by plaintiffs represented sums less than $200, and were for wages not then due, and that the assignment was not made as is prescribed by the section supra, and therefore invalid. It will be noticed that before that section can be applied the wages attempted to be assigned must not only be for sums less than $200, but the wages attempted to be assigned must be "wages to be earned or paid in the future."

Without determining whether these coupon books come within the purview of that statute as constituting wages, it is sufficient to say that under the present conditions of the pleadings, as we construe them, the wages of the employe of defendant, to whom the books were issued, are not shown to have been such as the statute requires to be transferred in the manner therein prescribed.

For the errors in overruling the special demurrer to the petition, and in sustaining the general demurrer to the answer putting in issue essential facts to enable the plaintiffs to recover, the judgment in the first case is reversed, and the motion for appeal in the second case is sustained and the appeal granted, and judgment therein reversed, with directions for proceedings consistent with this opinion.

(188 S. W. Rep. 907.)

Return of Vouchers

Utah

Duty of Bank to Return Vouchers to Depositor—Overdrafts

VAN DYKE VS. OGDEN SAVINGS BANK.

Supreme Court of Utah, September 11, 1916.

Photographic enlargements of alleged forged checks, which clearly reveal differences not discernible from the originals, though cumulative, are demonstrative and different from expert opinion as to identity of signatures, so that new trial may be granted on the ground of such evidence.

It is the common-law duty of the bank to return to the depositor his paid checks, as evidence of payment of debt to the named payees.

Such rule does not apply if the checks represent an overdraft.

Since a depositor has an absolute right to his paid checks unless they represent an overdraft, a depositor, seeking recovery of deposits on the ground that checks charged against her were forged, is not lacking in diligence, after demand for the checks, and refusal of possession or inspection, in failing to secure court order for production.

Where defendant bank refused possession or inspection of paid checks to depositor, who alleged they were forged, and the court then ordered inspection only in the presence of the court stenographer, failure to move for continuance to secure such evidence did not show acquiescence or lack of diligence, since continuance would have been useless.

The mere fact that demand for paid checks by depositor suing to recover deposits on the ground that the checks were forged was oral does not render it of no avail, the depositor being entitled to the checks, so that no demand was legally necessary, especially in view of the fact that the oral demand apprised the bank of its purpose. (101 Pac. Rep.)

Action by Louise Van Dyke (née Louise Turner) against the Ogden Savings Bank. Judgment for defendant, and order denying new trial, and plaintiff appeals. Reversed and remanded, with directions.

OPINION OF THE COURT

Frick, J.: The plaintiff alleged in her complaint that the defendant was "engaged in the business of a savings bank at Ogden, Utah"; that plaintiff formerly was the wife of one J. J. Turner and that she then "bore the name of Louise Turner"; that on December 29, 1908, in the name of Louise Turner, she deposited with the defendant bank the sum of $4,400, upon which sum the defendant agreed to pay interest at the rate of four per cent. per annum, compounded semi-annually; that on the 13th, and again on the 25th of October, 1913, she demanded said sum with the accrued interest thereon from the defendant, and that it then refused, and still refuses, to pay the same; that the amount deposited as aforesaid, with the accrued interest thereon, aggregated the sum of $5,531.83, for which she

prayed judgment. The defendant answered the complaint, and denied "that the plaintiff deposited in the name of Louise Turner in said defendant bank the sum of $4,400 as alleged, but admits that certain moneys were, on said day, deposited to the credit of said plaintiff under said name." Defendant also admits that it agreed to pay interest as alleged on said deposit. The defendant further admitted a demand and refusal to pay and as an affirmative defense averred that all the moneys that were deposited as aforesaid "have been fully withdrawn by or upon the order of, and paid to, or upon the order of, plaintiff." The defendant further denied all indebtedness. A trial to a jury resulted in a verdict for the defendant. The court entered judgment upon the verdict, denied plaintiff's motion for a new trial, and she appeals.

We have set forth the substance of the pleadings to show both the nature of the action and the character of the defense. The plaintiff thus alleged that she had deposited a certain sum of money with the defendant bank, which it refused to pay to her. The defendant, while not admitting that plaintiff had deposited the amount alleged, and while not admitting any specific amount, nevertheless admitted that "certain moneys" had been deposited for the credit of the plaintiff. Defendant, however, averred that all the money that was deposited had, "upon the order of plaintiff," been withdrawn from the bank. The issues were thus quite narrow.

At the trial practically the whole question hinged upon the genuineness of plaintiff's signatures to the checks that were drawn against the deposit, and the authority of her husband to withdraw her money from the bank. It was made to appear that a large portion of the money that was deposited by the plaintiff had been withdrawn upon checks purporting to have been drawn and signed by plaintiff. The plaintiff, however, contended at the trial, and here insists, that all the checks, with the exception of one or two small ones, were drawn by J. J. Turner; that he signed her name thereto without her knowledge or consent, and she insisted at the trial, and now insists, that her signatures to the checks were forged. A part of the deposited money was paid to J. J. Turner upon drafts drawn by him, which drafts, plaintiff insists, he not only had no authority to make, but that they were drawn and paid without her knowledge or consent. The real contest, therefore, arose over the genuineness of the signatures to the checks in question.

The plaintiff denied signing the checks, denied the authority of her husband to sign her name thereto, and she also denied all knowledge respecting the making and paying of the checks and drafts aforesaid. For the reasons hereinafter appearing it is not necessary to set forth the evidence of the several witnesses, except to state that the plaintiff, in addition to her own statements, also produced evidence of experts in handwriting, and other evidence, tending to show that the signatures to the checks were forgeries. Upon the other hand the defendant produced plaintiff's former husband, J. J. Turner, who testified that she did sign the checks in question. The defendant also produced several experts in handwriting who testified that in their opinions the disputed signatures were in the handwriting of the plaintiff. If it were not for the matters now to be stated the judgment would have to be affirmed.

As before stated, however, the principal question for determination at the trial was whether the signatures to the checks were genuine or were forgeries. Both sides having presented their evidence upon that question, the court submitted the case to the jury upon instructions as to the law, of which no complaint is made. The plaintiff, however, vigorously contends that the court failed to exercise, or had abused, its discretion in refusing to grant her a new trial upon the ground of newly discovered evidence. Upon the other hand, the defendant insists that the court's rulings were right for the reasons: (1) That the alleged newly discovered evidence was merely cumulative; and (2) that plaintiff did not exercise due, or any, diligence to ob-

tain and produce said alleged newly discovered evidence at the trial.

The nature or character of the alleged newly discovered evidence, and the undisputed facts, as they are made to appear by the affidavits filed in support of the motion for a new trial, relating to plaintiff's conduct and the efforts that were made to produce said evidence, are as follows: Plaintiff's counsel, Mr. Kimball, deposed that not less than 60 days before the case was called for trial he spoke to one of defendant's counsel, and demanded that the checks, or orders, relied on in the action by the defendant be produced for inspection; that defendant's counsel, at that time, neither granted nor denied the request, but did ask for time to consult with his partner and associate counsel; that about two weeks before the trial defendant's said counsel refused to produce said checks, and refused plaintiff's counsel inspection thereof; that one Douglas Swan, an expert in handwriting, was requested by plaintiff and her counsel to procure inspection of said checks for the purpose of making comparisons of the signatures thereon with plaintiff's genuine signatures and to better qualify himself to testify as an expert at the trial of said case; that said Swan, prior to the trial of said case, also demanded inspection of said checks from defendant's counsel for the purpose aforesaid, but was refused inspection, and was by said counsel informed that he could not obtain such inspection from the defendant.

The plaintiff also deposed in her affidavit in support of her motion for a new trial that she had requested her said counsel, Mr. Kimball, and the witness, Mr. Swan, to procure said checks for inspection for the purpose aforesaid. It is also made to appear from the affidavits filed in support of the motion for a new trial that, in order to make a proper comparison of the signatures to the said checks with the genuine signatures of the plaintiff, and to demonstrate the difference between the genuine and the alleged forged signatures to the checks, it was necessary to make photographic enlargements of said signatures; that said Swan demanded said checks for the purpose of making such photographic enlargements and that he intended to and would have made such photographs before the trial, had his request been granted. It is also made to appear that when the case was on trial and defendant's counsel had produced the checks and papers relied on by the defendant to establish its defense in court, plaintiff's counsel again, in open court, demanded possession and inspection of said checks and papers; that defendant's counsel objected to plaintiff's counsel being given possession of said checks and papers, but suggested that they should have the right of inspection only in presence of the court stenographer and while the checks were in her possession and under her control; that that was the first and only inspection plaintiff, or plaintiff's counsel, obtained of said checks and papers.

It further appears from the record that after the jury had returned a verdict, and within the time plaintiff was required to file her motion for a new trial, the prosecuting attorney, in the name of the State of Utah, obtained inspection and possession of said checks for the purpose of making enlarged photographs of the signatures thereto; that said prosecuting attorney, on behalf of the State of Utah, did procure an expert in handwriting and signatures, and one skilled in making photographic enlargements of signatures, to make photographic enlargements of the signatures and writings relied on by the defendant in this action; that said enlarged signatures, properly authenticated, were made a part of plaintiff's motion for a new trial in connection with the affidavit of said expert, and such enlargements, 32 in number, are made a part of the record on appeal to this court.

Both the expert aforesaid and said Swan also deposed in their respective affidavits that the signatures relied on by the defendant, in their opinions, are forgeries; that the photographic enlargements clearly show, and in their judgments will demonstrate, the peculiarities and characteristics of plaintiff's handwriting and also that of her husband, and will demonstrate the differ-

ence between the two handwritings; that said difference can only be shown and demonstrated to the minds of ordinary jurors, who are laymen, by the photographic enlargements of said signatures.

The photographic enlargements of the signatures to the checks, as before stated, are before us. While it would perhaps not be proper for us to state the impression those enlargements has made upon our minds, yet it is proper for us to state that it requires no argument to convince a disinterested mind that the enlarged signatures make much clearer the characteristics and peculiarities of the signatures that are in dispute, and therefore make clear that which, without them, was obscure and extremely doubtful. Moreover, the alleged newly discovered evidence is of the character which, in one sense, is direct, and is certainly more positive than would be the opinions of experts because it is naturally and essentially what may be termed "demonstrative evidence." If it be conceded, however, that the alleged newly discovered evidence, for the reasons stated, may be received and considered, notwithstanding its character, yet the question of whether plaintiff and her counsel exercised due and reasonable diligence in the premises still remains to be answered.

If it were not for the conceded conduct of the defendant and its counsel in refusing plaintiff, her counsel and witness possession and inspection of the checks in question, it would be clearly our duty to approve the ruling and judgment of the court below. When we come to consider the conduct of the defendant and its counsel in the premises, however, plaintiff's case assumes a different aspect.

For obvious reasons we need not dwell upon the duties of a banker to his depositor. We shall, however, for a moment pause to inquire into the actual condition of things as they are made to appear from the record. The record shows that on December 29, 1908, there was deposited under plaintiff's former name of Louise Turner in the defendant bank the sum of $4,208.40; on May 1, 1909, the additional sum of $101.50, and one June 1, following, the further sum of $120, making in the aggregate a deposit of $4,429.90. The first withdrawal of $100 was made on June 15, 1909. During that and the following year, and the year 1911, withdrawals were made in various amounts and at different dates, and on December 5, 1911, the final balance, amounting to $7.30, was withdrawn from the bank. All the amounts withdrawn, with the exception of one or two small amounts which were drawn by plaintiff herself, were withdrawn by J. J. Turner, either upon checks to which it is claimed plaintiff's name was signed by her, or by drafts drawn by him. Plaintiff's deposits were, therefore, withdrawn within a period of about two and one-half years, and during all of the time, and for a long time thereafter, she had no knowledge of that fact, but supposed her money was safely in the defendant bank, drawing interest. Neither did she, during all that time, at least not personally, receive any statement of her account, nor were any of her paid and canceled checks returned to her by the bank. Indeed, when she, through her counsel, finally demanded possession of what the bank claims were her personal orders or checks upon the bank, they were refused, not only possession, but were also refused inspection thereof, and all this in the very teeth of her right to have possession of and control over her own paid checks as evidence showing to whom she had paid money and for what purpose she had paid it. In speaking of the custom that is practically universal respecting the depositor's right to the possession of his paid checks as between himself and the bank, the author, in 2 Morse on Banks and Banking, Sec. 460, says:

"But further than this, there is ground for holding that it is also a duty of the bank at common law to return his paid checks to the depositor. He is considered to have the better right to them, for they are regarded as his evidence of payment of his debt to the payee named in them. The bank is said to hold them only as his agent."

The foregoing rule, of course, has no

application in case the check represents an overdraft. In such event the bank, as a matter of course, has a right to retain the check as evidence of the drawer's order to pay, and that it has paid, the amount subject to his order. There may be other circumstances under which the bank, for a time at least, may have the right to retain the depositor's checks as evidence, but no bank can successfully dispute the depositor's right to the possession of his paid checks, much less his right to inspection. Of course, the bank may obtain the checks from the depositor as evidence in the ordinary way if they are material in any controversy between it and a depositor or otherwise. In this case, however, both the bank and its counsel not only invaded, but wholly disregarded, the legal rights of both plaintiff and her counsel without any legal excuse or justification whatever. We do not mean to be understoood (indeed, we think the contrary is the fact) that either the officers of the bank or its counsel intended any wrong. Constructively, however, their acts and conduct had precisely the same effect upon plaintiff's case and her rights as though counsel had entertained bad motives.

It is, however, contended that the plaintiff had an adequate remedy by going into court and obtaining an order to obtain possession and inspection of the checks for the purposes alleged by her and her counsel, and hence it is contended that neither counsel nor plaintiff had exercised due or reasonable diligence in the premises. The foregoing contention and the character of the alleged newly discovered evidence present the only real difficulty in this case. After much reflection, and with considerable hesitation, if not with reluctance, we have been forced to the conclusion, which, however, has become firmly fixed, that the present case is an exception to the general rule. If in order to obtain possession of the checks it had required legal action of any kind, we would say that plaintiff's counsel were derelict in not taking that action. Where, however, as here, defendant's counsel had no right whatever to deny either possession or inspection of the checks, and where, as here, it was the defendant's duty to return plaintiff's checks to her, they, by reason of their conduct, obtained an undue advantage for their client over plaintiff. For the reasons stated it does not lie in the mouth of either the defendant or its counsel to say to plaintiff:

"You were not diligent. You should have gone into court and coerced us to grant you possession and inspection of your checks."

To hold that counsel may successfully take and defend such a position upon an application of this kind is tantamount to placing a premium upon efforts to withhold evidence from the adversary to which he is clearly entitled. While counsel in no case and under no circumstances can be required to point out or to furnish evidence to the adversary, yet in no event and under no circumstances can a court uphold counsel in any act which is calculated to bring the administration of justice into reproach, or which tends to conceal or withhold proper and material evidence from the court or from the adverse party, and in case counsel have benefited their client by their conduct in withholding from the opposite party relevant and material evidence, or in denying him access to such evidence before trial, they are not to be heard to say to him, in case after the trial he discovers that in refusing him possession or inspection he has been greatly prejudiced, while his adversary has been benefited, that in addition to making timely demand he should also have brought an action in court. Under such circumstances no injury can come, nor can any legal prejudice result, from requiring the offending party to submit to a full and fair trial of the case. Moreover, to sustain counsel's contention would result in making the trial of cases a mere game of strategy.

Defendant's counsel, however, also urge that, when the district court ruled that plaintiff's counsel should not have possession of the checks and should inspect them only in the presence of the stenographer, they acquiesced in the ruling. What else could they have done?

They obtained a ruling which, no doubt, reflected the court's best judgment, and that was all they were entitled to. It is, however, said that plaintiff's counsel should then have applied for a continuance of the case. To make such an application, no doubt, ordinarily is the proper course to pursue. Under the circumstances of this case, however, and especially in view of the court's ruling that plaintiff's counsel should be given possession of the checks and should have the right of inspection only in the presence of the court stenographer, such an application would have been a mere waste of time. Without possession of the checks a continuance would have been useless. The law does not require useless things. All that plaintiff's counsel waived or lost in not excepting to the court's ruling or in failing to apply for a continuance at the time was the right to review the court's action in that regard. They lost nothing else.

Defendant's counsel, however, also contend that the demand for possession and inspection of the checks was insufficient because not in writing, and that it is therefore of no avail. We have already seen that the defendant should have delivered possession of the checks to the plaintiff as a matter of duty; hence no demand was legally necessary. But entirely apart from that, the demand was sufficient. Defendant's counsel were clearly apprised of what the demand was for, and they denied it, not because it was not in writing, but for other reasons. In view of that fact, even though they had such a right they waived it.

Finally, it is insisted that the question of granting a new trial upon the ground of newly discovered evidence, and especially where such evidence is, in its nature, cumulative, and the further question of whether the party applying for the new trial has exercised due and reasonable diligence in the premises, are questions that always are, largely if not entirely, left to the sound discretion of the trial courts. We need not refer to the numerous authorities which support those propositions. The rule that those questions must be left to the sound legal discretion of the trial court, and that appellate courts can grant relief only in case where it is made to appear, with at least reasonable clearness, that the trial court has abused its discretion, or has refused to exercise it, has practically become universal. This court, in common with many other courts, has frequently so held, and we have no desire to, nor do we by anything we have said, relax that wholesome rule. Upon the contrary, we thoroughly approve of it and reaffirm it. Without entering into further argument, however, it must suffice to say that in view of the peculiar circumstances of this case, as before stated, we feel constrained to hold, and do hold, that it must be considered as an exception to the general rule. It is quite clear that the district court did not take that view, but in all respects treated this case as falling within the general rules which govern the granting or denying of new trials, and hence we think that the court failed to pass on, or to exercise its discretion upon, the actual case before it, which, for the purposes of this case, in effect amounted to what is ordinarily termed, "an abuse of discretion" in refusing to grant a new trial.

The judgment is, therefore, reversed, and the cause is remanded to the district court of Weber county, with directions to grant a new trial. Costs to appellant.

(100 Pac. Rep. 50.)

Dr. Jim's Trust

By JOHN M. FRENCH

"Doctor Jim's Trust" is not an exaggerated piece of fiction. Characters and circumstances may vary, but it is still the same old, old story, familiar to all readers of daily newspapers. These tragedies must be expected under the conditions described, so long as the human nature of the individual is what it is. But the remedy is simple. All danger of the loss of property with its attendant misery and destitution is easily and effectually avoided when the guardianship of estates and legacies is left to a reputable and responsible trust company.
—Editor Banker Magazine.

CHAPT. I

DOCTOR JIM

DOCTOR HARVEY JAMES, familiarly and belovedly known as "Doctor Jim," was as much an institution of Hertfield as the town hall of the village itself. He had been born there and there he had lived for close on to seventy years without once having left home, except during the four years spent in college, since which time he had assisted in bringing practically all of the native born population of the place into the world.

A plain country doctor who looked the part and fitted it, he clung to old methods and old remedies as he did to old clothes. Younger and brighter men had occasionally come to dispute his practice, but there always came a time when each in turn was glad to leave Hertfield and its patients to Doctor Jim. Hertfield was too healthy a town for a young and aspiring physician.

No one loved truth more, nor could anyone be more consistently honest in the expression of it than Doctor Jim. The habit would have wrought the undoing of anyone else, but nothing could impair the veneration of the townsfolk for their doctor, nor undermine the confidence, especially of the poorer people, in his unfailing wisdom.

"There's a great doctor for you," exclaimed old Mrs. Delaney, who for years had supported herself and an invalid daughter by taking in washing.

"When Maria was taken low the night before she died, I says to him: 'Doctor,' I says, 'has she any chance at all?' "

" 'Chance?' he says, 'Chance? It would be gamblin' with the Almighty to take a chance on her,' he says.

"How long do you think she'll last, Doctor?" I says.

" 'She'll last about as long, Mrs. Delaney,' he says, 'as a bar of laundry soap with three weeks' washin' off of it. She'll die to-night,' and sure enough, she did. God bless him, he's a wonderful doctor."

There were at least a hundred others in Hertfield just as admiring of and just as grateful to Doctor Jim as this poor washerwoman.

Doctor Jim compounded and dispensed his own simple remedies, which helped to add to his constant state of financial embarrassment, because he seldom remembered to charge them. Moreover, he was never known to send a bill to anyone. His patients, as a rule, were honest and paid him when they had the money. When they didn't have it, he went without.

Margery, his wife, was wont to complain at times, and then the doctor would sooth her with the promise of a new bonnet, or maybe a trip to the city as soon as Marty McQuade, the carpenter with a sick wife and ten small children, had finished his job on Lawyer Smith's place, or when Bill Brown got the contract to paint the old school-house.

Meanwhile, he grew a wee bit shabbier, and the little account at the general store continued to pile up.

CHAPT. II

THE LEGACY

Once something extraordinary happened: Old Mrs. MacQuilkin, who everybody thought was the poorest person outside of the almshouse, suddenly died and left Doctor Jim one thousand dollars for constant and valued service during forty years.

The Doctor treated himself to a pair of new shoes which he had needed very badly, and Margery blossomed forth in a new gown. The bill at the store was settled, and the old couple were beginning to think about a trip to New York. It was to be the first real holiday for either since their honeymoon.

Just at this time Bob Spooner dropped in after tea to congratulate the Doctor on his good fortune, and incidentally to tip him off to a good thing, if he would solemnly promise not to breathe a word of it to anyone.

The Doctor promised.

"Well, you know the property back of the town hall," Spooner began, "where Judge Sinclair's house is, and the row of houses next it before you come to the Hertfield Hotel? Well, the new branch that is to connect Hertfield with the main line of the K. & W. Railway will soon be started, and the road will simply have to have the site of the Sinclair mansion for a terminal. The rest of the property, including the hotel, will be needed for yards and freight sheds."

This information Spooner had gotten from a fellow on the inside who had been a private secretary once to the president of the K. & W. They, of course, had to keep everything dark just at present, because once it became known that the railroad was coming to Hertfield, prices would go up like a rocket and no one would sell.

"You know I am well acquainted with the Judge," continued Spooner, leaning forward and gently tapping the doctor on the shoulder. "Now that his wife has died, the old man wants to go to live with his married daughter out West, and would be willing to sell at a reasonable figure, and as the hotel people have been losing money right along, they'll be only too glad to let go for what they can get. *Confidentially,* we can buy the whole dashed property for fifty thousand dollars, and sell it to the railroad for a quarter of a million. There's nothing else to it. All we need is about eight hundred dolars to bind the deal, and two hundred thousand dollars is as good as made."

Spooner also intimated that if the Doctor wanted to come in, he would give him a quarter interest for putting up the eight hundred. "Lots of fellows," he said, "would jump at the chance to make a round turn like this," but he couldn't trust them. "They might blab, and then everything would be up spout." Besides, he was anxious to show his high regard for the Doctor by putting a good thing in his way.

Doctor Jim had never been accustomed to good things. He had often seen them—lots of them, but always at a distance, a very respectful distance. Never in his most avaricious dreams did he ever aspire to a hundredth part of the wealth that now began to unfold. A great light began to dawn upon him, and for the first time he began to realize that he had been blind all his life.

Just the shadow of a suspicion crossed his mind after Spooner had gone, that it might have been more businesslike to have taken a receipt for the money. But, of course, he knew Bob Spooner, and everything would come out all right. He despised himself for the suspicion.

CHAPT. III

WEE JESSIE

A few days after this transaction Doctor Jim received a bulky letter written in a hand so illegible that neither he nor Margery could quite make it out, and Mrs. Toomey, the minister's wife, was called in to decipher it. That same evening the news was flashed to every house and hamlet in Hertfield

that a young lady, a niece of Doctor Jim, was coming to live with him. She was heiress, so the story ran, to a fortune variously estimated at from a hundred thousand to a million dollars, according to the neighbor telling it.

In the main, however, the facts were correct, though the young lady was but a maiden of six, and the value of her fortune had been multiplied many times. A widowed half sister of the Doctor had died, and to him had been committed the care of the little girl and her estate.

It was a happy day for Doctor Jim and Margery when the little orphan came. She supplied the one thing they had longed for in their always contented but, none the less, lonely lives. She was a very fair child whose little mannerisms and delicately moulded face and figure bore the unmistakable imprint of refinement. In every way, except one, she presented a marked contrast to her rough old relative. She was just as outspoken and unsparing of the truth as he was.

"You're awful ugly, ain't you?" she exclaimed quite seriously, when the Doctor had taken her in his arms. But she patted his cheek as she said so, and tossing back a wealth of flaxen hair, lowered her tiny face to be kissed.

From this moment they were boon companions. The old man and the little girl were constantly together. Oftentimes she accompanied him on his rounds, and it was not long before she took to making visits on her own account. She came and went like a ray of sunshine which brightens as it enters, and always leaves a little warmth behind.

In the evening after supper, when there were no more calls to make, Doctor Jim could always be found in his surgery; and wee Jessie would be there, too, leaning over the arm of his chair or seated on his knee, and delving into his pockets for the parcel of sweetmeats which were always to be found there, even at the cost of a limited ration of tobacco. They would read together the stories of "Mother Goose" or "Alice in Wonderland" until Margery came to put her to bed. Then the Doctor would light his pipe, and as the columns of smoke spread into a cloud above his head, he carved out many wonderful plans for the future of his little girl.

CHAPT. IV

THE DINNER PARTY

About a week after Jessie had come to town, Mrs. Smith, the lawyer's wife, called. Margery was so flustered when she opened the door and saw the great lady standing there that she dropped the skein of knitting yarn she carried. This was indeed such an unprecedented honor—one to which she had never aspired even in her dreams. Occasionally it had happened when they met coming out of church, that Mrs. Smith had said "good morning," but this was only when the lady chanced to be in an especially gracious mood.

Margery had never sought a place in the social set of Hertfield. When therefore the distinguished visitor not only smiled amiably, but greeted her with a cordial, "So-glad-you-are-at-home, Mrs. James," she could only stammer an incoherent appreciation of the visit. A little later she added something about its being a very fine day, and then her somewhat scant conversational powers forsook her entirely.

The silence that ensued lasted but a second, for her confusion was not shared by her visitor.

"I've heard so much about your little niece, Mrs. James, I am told she is such a charming child. Mr. Smith and I just dote on children, you know. I suppose you will be taking a larger house now; and then you know you really ought to have a governess. I can recommend a very good one. Bringing up a young girl is such a responsibility these days. If I can be of any assistance to you I should be so glad. We've been such old neighbors that don't you think we should know each other better? It's really quite absurd, is it not, that we should so seldom meet?"

Margery allowed that neighbors should be friendly.

"And now, my dear," continued Mrs. Smith, "I want you and the Doctor to take dinner with us to-morrow night. Quite informal, you know. Nobody but ourselves. And bring little Jessie with you. She and my Mildred are just about an age, and I should so much like them to be friends. Now promise me you'll come; we should be so disappointed if you can't."

Pleased, flattered, bewildered, Margery promised.

The Doctor was as much surprised as his wife. But he fussed and was for making some excuse to delay the honor indefinitely. He hated the Smiths. He had not scrupled to say so, and they knew it. He couldn't therefore understand why they should ask him to their house. But Margery persuaded him and they went.

Lawyer Smith outdid himself. He prevailed upon his guests to drink several glasses of wine, and after dinner insisted upon brewing an old fashioned punch. Under the seductive influence of these and of three choice Havanas, all bitter feeling quickly melted, and before it became time to go the Doctor was convinced that his host was a mighty fine fellow. He had always recognized him as an able man of affairs, and when the lawer volunteered to take care of little Jessie's estate, his gratitude fairly bubbled over.

Within little more than a week all her property in the South was sold, and the proceeds duly deposited in the local bank to await investment.

CHAPT. V

THE INVESTMENT

Some weeks after the dinner party, Spooner met Doctor Jim in the street. "The very man I've been looking for," he exclaimed, playfully drawing the arm of the physician through his own and leading him to his real estate office a few doors away. "I've got something really important to tell you."

"There's been some hitch in that property deal. Oh, nothing to be alarmed about, of course. Everything bound to come all right, but we'll have to have a little more money to swing it. The railroad people are not just quite ready, and as our option expires to-morrow, the only thing left for us to do is to take over the property. We'll only have to hold it a short time, maybe but a few days—then the road will be sure to negotiate."

Spooner produced a telegram from his "inside" friend to prove this.

"We're thinking of raising the ante on them, and making the purchase price two hundred and seventy-five thousand dollars in round numbers. They'll stand for it all right because they can't help themselves. Now, if you will advance the fifty thousand we need to make the purchase, I'll return the money in full, and let you have a half interest in the profits. Nothing could be fairer. Perhaps within a week you'll pull down a cool ninety thousand. Of course, if you can't put up the cash you'll forfeit the eight hundred deposit, and we'll both be out a fortune."

The Doctor hesitated. Fifty thousand dollars represented the entire estate of his little niece, and he should, of course, be very careful what he did with it. Perhaps he'd better let the eight hundred go. But Spooner reassured him. He pointed out how rich he could make the child. Never would such chance come again. Deals like this were picked up only once in a lifetime.

Still the Doctor was a little slow in appreciating the situation. He even suggested that it might be prudent to consult Lawyer Smith.

"Whatever you are crazy enough to do, don't do that," exclaimed Spooner. "I know Smith. He's a sharper. If he should get word of this now, he'd grab the whole deal. You daren't trust Smith with a penny's worth of marbles."

This delineation of character so coincided with Dr. Jim's former opinion that he softened. Before the argument ended, they were walking towards the bank, and when they came out a few minutes later Spooner had in his pocket a certified check for fifty thousand dollars.

"There was no light in the room, but the dim rays of the lamp she carried disclosed the gaunt figure of Doctor Jim, seated in a chair by his desk, his legs stretched forward and his face turned toward the ceiling."

CHAPT. VI

BUNCOED

But it was not long before Lawyer Smith heard of the withdrawal of the money from the bank, and sent for Doctor Jim, who bluntly told him the whole truth.

"Harvey James," exclaimed the lawyer, "you're an old fool. You've been buncoed and it serves you darn well right. Spooner has sold that property to you to earn a paltry commission, which is all either he or anyone else will ever get out of it. The entire strip of land and the buildings are not worth fifteen thousand dollars at a forced valuation, and when the two mortgages and seven years' arrears of taxes are paid, there won't be a cent of equity left. Besides, the title to the hotel is so cloudy that you'd need a foghorn to find your way to it. No one with a grain of sense would touch it with a forty foot pole. As for the K. & W. buying the property, why I myself sold them all the land they needed more than three weeks ago. You're cleaned out, you damned old fool, and that's all there is to it."

Doctor Jim listened silently until the lawyer had finished speaking. Then he

got up quietly, put on his hat and walked slowly homewards.

CHAPT. VII

THE SETTLEMENT

Hello, Spooner, prompt as usual when there's money in sight," said the lawyer, glancing up as the door of his private office opened some twenty minutes later, and the individual addressed stood before him. "Have a seat."

"Well, you've done good work. I'm even with the darned old cuss and a handsome profit to boot. Not a scratch of a pen for the $50,000, eh? I didn't think the old fool would have been quite so easy. You don't deserve half a commission for so soft a thing as this. However, you'll always find me liberal when the business is satisfactory. Here's the five hundred I promised you and another for good measure."

He handed Spooner a check for $1,000.

CHAPT. VIII

THE END

Doctor Jim arrived home forgetful of two important commissions entrusted to him early that afternoon. He was also very late. The roast was spoiled and his wife's temper was in keeping with the meat. He took his chiding without a murmur and tried hard to eat, but it was no use. After a few mouthfuls, he gave up and Margery remarked that if he would stay out late it was not her fault if the dinner did not suit him.

Coming behind her chair, he kissed wee Jessie tenderly on both cheeks. But Margery's anger was not to be quickly appeased. She repelled an attempt at a caress. No, indeed! She was not to be bought off so lightly. He complained of weariness and, entering the surgery, closed the door. Wee Jessie had never seen him act so strangely before, and if Margery had not been so indignant she would have been surprised, too. She thought he was just sulking because of his spoiled dinner. "Let him alone," she said, "he'll come to before morning."

Some time after midnight she awoke to find he was not beside her. The lamp was still burning on the dresser. She took it and feeling her way down the narrow stairway, opened the surgery door.

There was no light in the room, but the dim rays of the lamp she carried disclosed the gaunt figure of Doctor Jim, seated in a chair by his desk, his legs stretched forward and his face turned toward the ceiling.

On the floor, as it had fallen from his hand, lay a scrap of paper, in the crumpled folds of which remained a few specks of white powder.

Doctor Jim had paid the penalty of a great and generous heart in the only way that to him seemed possible.

New Counterfeit

$5 Federal Reserve Note—On the Federal Reserve Bank of New York; check letter B; plate number indistinct—looks like 25; W. G. McAdoo, secretary of the treasury; John Burke, treasurer of the United States; portrait of Lincoln. This counterfeit is printed from lithographic plates on fair quality paper, red and blue ink lines being used to imitate the silk fiber.

The number of the specimen at hand is B7929174A. Most of the printing on this note is too heavy, and the fine lines—particularly of the lathe work—cannot be traced. It is a fairly deceptive counterfeit.

International Banking and Finance

Opportunities for American Banking, Trade and Enterprise in Greece

By P. G. Zaldari

Greece

Trust not for freedom to the Franks,
  They have a king who buys and sells.
In native swords and native ranks
  The only hope of courage dwells;
But Turkish force and Latin fraud
  Would break your shield however broad.

—Byron, "Song of the Greek Poet."

RECENT events now written in the history of Eastern Europe attest the truth of Lord Byron's lines. This poetic and laconic statement, written a century ago, has proved to be a prophecy which has been fulfilled by "native swords and native ranks" in the face of adverse and almost insurmountable obstacles. The greatest of these was and always has been the attitude of powerful Christian nations whose influence should naturally have been on the side of a brother Christian nation struggling to free millions of its people from a yoke of mediæval oppression.

It is most difficult to believe that the Greece of one hundred years ago could be the same country and the same nation that inherited the characteristics of a people who had formerly enjoyed such an enviable and well-merited position. During a period of five hundred years previous to 1828, the Turks had ruled Greece with cruelty beyond all conception; and in their ignorance and unbridled lust for gain, and their utterly lawless habit of destroying life and property, they had laid waste the country, obliterating the grandest temples of art the world has ever known, and driving from their native country all but about 300,000 Greeks. Yet at the commencement of the nineteenth century this people, with the assistance of their brothers living in Russia, Austria, Italy, France and England, was able to summon sufficient energy to successfully resist the Turks and through their display of courage and patriotic devotion they enlisted the attention and won the sympathy and assistance of the European powers.

The briefest record of comparative statistics here will serve to indicate the important progress from threatened annihilation in 1821 up to a well-earned freedom and recognition of Greece, as an independent world power. For comparison, the information given is presented for 1840 or thereabouts and for 1914, or an approximate date.

DEVELOPMENT SINCE 1840

	1840	1914
AREA	18,377 square miles.	24,077 square miles (in 1911) and 48,250 square miles in 1914.
POPULATION	752,077 in 1862.	According to official statistics:— 1,400,000 in 1881. 2,631,952 in 1909. 4,780,000 in 1914.
REVENUE	$3,223,706 in 1837.	$30,000,000 in 1912.
EXPENDITURE	$4,010,805 in 1837.	$28,509,000 in 1912.
CURRANTS	Tons exported, 9,822.	144,196 tons.
OLIVES	Nil.	83,563 tons produced.
WINES	Little grown in the Islands.	40,000 acres cultivated, 33,750 tons of wine and 1,000 tons of grapes exported.
WHEAT	2,500 tons imported.	190,000 tons imported.
ROADS	The Demarcation report published in 1832 states that "All the roads which are used by caravans and individual travelers are encumbered with rocks and ruins from the thoroughfares which have been destroyed, and are so seriously inundated during the rainy seasons that passage is practically impossible."	100 miles of roads were constructed in 1852 by the work of the inhabitants and partly by the troops. 150 miles were constructed in 1867 at an expenditure of $700,000. There were 500 miles of roads in 1912.
HARBORS	The Demarcation report further states: "The ports are in a complete state of ruin and only three harbors accommodating small craft, and two small shelters at the port of Nauplia for the sailing ships Hydra and Spetsai are all that remain that can be used in the whole of the kingdom."	Since 1837, $40,000,000 have been expended for the construction or improvement of twenty-two harbors. Furthermore, the Greek coast is better lighted at night than that of any other country.
	The port of Pireaus in 1837 was a mere handful of fishermen's huts and little else than an expanse of sand.	This same port now ranks as fourth port of importance on the Mediterranean Sea.
MARSHES	When finally in 1828 the Turks were chased from Greece they abandoned the country with four persons out of five suffering from fever because there were 220,000 acres of marsh.	There still remain 34,800 acres of marsh after an expenditure of $20,000,000 made by the Government.
MINES	Up to 1840 no mines were exploited, though some ancient ruins of mines existed, as those recently captured in Macedonia, the gold mines of Philippos and Alexander the Great.	In 1911 the gross returns of all mines in the old Greece amounted to $5,000,000, and about 10,000 men draw regular wages of about $2,000,000.
MERCHANT MARINE	The merchant marine numbered about 20,000 tons of shipping in 1840.	There are now about 1,000 sailing vessels aggregating 200,000 tons, and 350 steamers aggregating 393,000 tons, and valued at $60,000,000.
RAILWAYS	In 1870 the first railway was built in Greece uniting Pireaus to Athens, a distance of seven miles.	In 1911 there were 1,000 miles of railroads; in 1916; 100 miles were built uniting Greece to the other European nations, and plans are being made for 1,000 additional miles after the European war.
TOWNS	The long and destructive wars for independence left in Greece little else than eleven towns in ruins.	There are now twenty-five beautiful towns of more than 25,000 inhabitants each, with all the modern comforts, gas, electricity, trolley cars and many fine buildings.

The Corinthian canal also was constructed at a cost of $25,000,000. Its receipts in 1914 were $120,470.

BANKING

The National Bank of Greece was established in 1841 and its assets on July 1, 1824, amounted to $1,167,550; the sums deposited and bearing interest amounted to $7,450. Its treasury contained $71,675 in coins and $30,505 in paper. According to official balance-sheets the following amounts were deposited on December 31, 1914:

Savings Bank	$1,400,000
Orient Bank	7,200,000
Bank of Athens	25,000,000
Commercial Bank	2,600,000
Ionian Bank	8,500,000
National Bank	37,000,000

The following tables are pertinent to the American banking trade and enterprise.

No official statistics are available for the years 1914 and 1915.

EMIGRATION

The following table was published by the Statistical Department at Washington in 1914:

1905	12,144	Emigrants
1906	23,127	"
1907	46,283	"
1908	28,808	"
1909	20,262	"
1910	39,135	"
1911	37,021	"
1912	31,566	"
1913	38,644	"
1914	45,881	"

REMITTANCES

According to official statistics published by the Ministry of Economy the sum of $18,459,895 was remitted in 1913 from the United States to Greece through the following banks:

National Bank of Greece	$5,994,071
Bank of Athens	2,568,090
Commercial Bank	5,165,000
Banque d'Orient	251,490
Ionian Bank, Ltd	602,300
Banque Populaire	455,854
Postal orders	3,423,090
Total	$18,459,895



Reading from left to right the three views given here are: (1) Pireaus, the Port of Athens; (2) Stadium at Athens from the Acropolis; (3) a Square in Sparta

REVENUES ASSIGNED FOR THE SERVICE OF THE GREEK DEBT

The council of foreign bondholders has issued the following information compiled from figures published by the International Financial Commission at Athens with regard to the revenues assigned under the law of control for the service of the Greek debt from January 1 to December 31, 1914:

Gross receipts December, 1914, Drachmai	2,630,387.72
Gross receipts December, 1913, "	2,511,330.46
Estimated receipts for 1914, "	28,900,000.00
Actual receipts for 1914, "	36,193,454.26
Actual receipts for 1913, "	28,848,838.39
Difference between estimated and actual receipts for 1914, Drachmai....	+7,293,454.26
Difference between estimated and actual receipts for 1913, "	— 51,161.61

SHIPPING

According to Lloyd's Register the Grecian shipping was as follows:

1903	210 steamers valued at Dr.	75,000,000
1914	440 steamers valued at Dr.	170,000.000

IMPORTS AND EXPORTS

The Government returns for the whole of Greece are as follows:

	1910.	1911.	1912.	1913.
Imports	$32,107,295	$34,702,080	$30,813,430	$35,731,385
Exports	28,914,215	28,180,530	29,004,390	23,784,290
Total	$61,021,510	$62,882,610	$59,817,820	$59,515,675

Table showing imports from principal countries:

	1910.	1911.	1912.
United Kingdom	$6,900,000	$8,250,000	$7,500,000
Russia	5,250,000	7,000,000	5,000,000
Austria-Hungary	4,000,000	5,000,000	5,650,000
Germany	3,000,000	2,750,000	2,750,000
France	2,000,000	2,100,000	2,000,000
Italy	1,250,000	1,150,000	1,000,000

Table showing exports to principal countries:

	1910.	1911.	1912.
United Kingdom	$6,500,000	$6,750,000	$5,150,000
Germany	3,000,000	3,250,000	3,000,000
France	3,150,000	3,000,000	4,000,000
Austria-Hungary	2,750,000	2,700,000	3,200,000
Egypt	2,750,000	2,800,000	2,100,000
Netherlands	2,000,000	2,250,000	2,200,000

Note—Returns for 1913, 1914, 1915, unobtainable.

OUTLOOK FOR THE FUTURE

Greece, I believe, will face a period of great prosperity after the European war, when industrial operations will have unusual opportunities for successful development. Such operations can best be developed with foreign capital, and the conditions are ripe now for the institution for a banking and finance corporation, which will be essentially a holding company whose funds will be employed until other companies operating in Greece shall be incorporated there and financed locally.

The principal element of a thought-



Some Typical Scenes in Greece. Reading from left to right: the Acropolis; the Canal of Corinth; Laborers Returning Home from Vintage

fully considered plan must be the establishment of a Credit Foncier Hellenique, this to be fashioned after the Credit Foncier de France and other mutual and coöperative societies of France.

This society could accomplish the greatest development of Greece through agricultural mutual credits. There are none of these now, and the agricultural people cannot extend their cultivation of the land and reach their largest possibilities without such a plan of mutual banking. There is a peculiar fitness in instituting this system of agricultural banking, as the Government is considering a plan to form the Survey Department, which will provide a system of books of survey and titlé, covering the entire country under the "Torrens Act."

By the law of December 16, 1861, the National Bank of Greece will be obliged to coöperate with any agricultural bank that may be established in Greece; and it will also be obliged to subscribe one-third of the capital stock of the agricultural bank, which subscription shall not exceed $400,000.

By the establishment of the agricultural bank, the National Bank of Greece will also lose its privilege of making loans to farmers and of issuing bonds (laws of January 8, 1897). These privileges will therefore rest exclusively with the agricultural bank.

This will offer an unusual opportunity for a close coöperation between the Government and the banking and finance corporation.

Another project may be the equipment in modern style of the thermal bath establishments at Loutraky, and another at Aidypsos. The natural conditions at both the points mentioned are superior to those at the well-known baths of Vichy and Aix-les-Bains. They are patronized annually by over 50,000 Greeks, Syrians and Egyptians, who now tolerate the almost forbidding conditions that prevail there. With the linking up of the Athens-Larissa line with the Oriental railways in 1916, and under new, sanitary and luxurious equipment the future success is beyond any doubt.

The foremost Government contract to be let of enormous size is the aqueduct of Athens.

For some years past the people of Athens have been concerned in the discussion relating to a new and more perfect water supply, the present service being found both insufficient in quantity as well as far from satisfactory in qual-


View of the Port of Pireaus and an Athenian Pedlar

ity. But finality in discussion is not yet. There have been three schemes proposed for supplying the city with pure drinking water:

First—The "Stymphalia" scheme, in connection with which the National Bank of Greece, using the bequest purposely left by the late Mr. Syngros, commissioned several distinguished engineers to enter carefully into the matter and to make all the necessary surveys and examinations. An Austrian engineer, Herr Kistner, was employed, and under his supervision numerous surveys were made and copious plans were prepared. The scheme comprises the bringing of water to Athens from Lake Stymphalia, which is situated in the Peloponnesus, as well as the drainage of the city. This aqueduct will supply also with water the towns of Corinth, Megara, Elefsis, and will irrigate their plains. The distance from Stymphalia Lake to Athens is about seventy miles and it is estimated that the double service of aqueduct and drainage would involve an expenditure of $10,000,000.

Second—The "Melas" scheme comprises the utilization of water from the Melas River, which is situated upon the property of the Lake Copais Co. In order to adopt this project it would be necessary to raise the water at its source some 300 feet, and to carry this out effectually some expensive machinery would be necessary. In spite of this however, it is believed by some (the Copais Co., Ltd., people) that the scheme would prove less costly and far more satisfactory than the first-mentioned project. It would also overcome the all-important question of a restricted water supply, while the quality of the Melas water is undoubtedly of the finest, and equal to the Stymphalia's.

Third—This scheme calls for the improvement of the existing waterworks and the construction of barrages upon the Attic plain. A complete survey and an estimate of the expenses in connection with this project have not yet been returned, but it is supposed that the cost would prove lower than that of either of the other two schemes mentioned. There, however, prevails some little doubt as to the supply of water being found sufficient, and the ultimate success of the engineering operations of the undertaking is also said to be questionable.

The present water supply of Athens is estimated at a yield of 100 litres (22 gallons) per second, which is proposed to increase to a minimum of 600 litres (132 gallons) per second. The Stymphalia scheme would provide any amount of water, all the year round, and the Melas an unfailing supply of 2,000 litres (440 gallons) per second also all the year round.

The Chamber of Deputies has sanctioned the scheme for bringing the waters of Stymphalia to Athens and the Greek Government will invite anew tenders for the construction, maintenance and working of the undertaking. The estimated value of the contract is about $12,000,000.

It is interesting to note that the present supply of water to the capital, which is drawn from Mount Parnes, situated twelve miles from Athens, is carried over a portion of the same aqueduct which was originally constructed by the Roman Emperor Hadrian, about 119 A. D. It was the same enterprising

monarch, as may be remembered, who constructed the wall between the Solway and the Tyne, in England, in order to secure the Roman province in Britain from the incursions of the Caledonians. In those days they built well and built strongly, as the remains of English northern walls and those of the Parnes aqueduct sufficiently testify.

Other projects immediately suggest themselves to one familiar with the necessities of the people, and likewise the great possibilities for American banking, finance, trade and enterprise to develop the natural resources of the country and some industries now only partially productive, such as water power, railroads, electric railways, mines, etc.

American Banking and Foreign Trade

HAVING wide experience in business and banking, a former president of the American Bankers Association, and chairman of the board of the Irving National Bank of New York, Mr. Lewis E. Pierson is well qualified to speak on the above subject. His views were thus set forth at the recent meeting of the National Foreign Trade Convention at Pittsburgh:

"The banker of the future must possess business tendencies and the bank of the future must reflect the same quality, and be an actual center of helpfulness for the business man.

"American banking in foreign trade must meet the banks of the world upon a basis of equality and without special favors. The war has given us nothing which we cannot easily lose.

"Banking of the future in foreign trade will be highly competitive and the competition encountered will differ from that of the past. The war's disagreeable tendencies may not disappear with the war.

"The nations of Europe are stronger in organization than we. We possess capacity to organize but do not appreciate the power of united effort.

"We are without a national theory concerning the relation of government to business. This will give European banking a distinct advantage over us in the foreign field.

"We must not underestimate the power in foreign banking of the Europe which will emerge from the war and which, in spite of the war, perhaps even because of it, will face the world a better customer, a more dangerous competitor than before.

"Our national equipment for banking in foreign trade is seriously defective, and unless new tendencies are developed both in banks and in educational institutions this condition will not improve.

"With a few notable exceptions the attitude of American banks towards the extending of credit to foreign customers is very much open to criticism. If we are to become the great creditor nation of the world we must assume the responsibility and develop the liberality which go with that exalted position. Countries like England and France, whose power has been built up on foreign trade and who even during war are able to do the best foreign trade in their history, will not face the world after the war otherwise than financially sound.

"In spite of these defects the possibilities of American banking in foreign trade are filled with promise. Our defects are the natural ones of youth and inexperience, and with the development of a proper national spirit will disappear.

"There is no legislative panacea for the ills of our banking situation in foreign trade. The remedy must be evolved and applied by us, American business men and bankers. Of government we ask only a sympathetic understanding of our troubles, and freedom from unreasonable restrictions.

"As a further basis for constructive results which may develop during the convention's discussion of American

banking in foreign trade I would suggest the appointment by the National Foreign Trade Council of a committee to co-operate with a committee of the American Bankers Association to study the question of American banking in foreign trade and make recommendations."

Trust Company of Cuba Increases Reserve Fund

THE reserve fund of the Trust Company of Cuba has been increased from $325,000 to $450,000. For the year ending December 31, after paying a dividend at the rate of eight per cent. per annum the company added $125,000 to its reserve fund and carried over $21,000 to profit and loss account.

London City and Midland Bank's Profits

THE directors of the London City and Midland Bank, Ltd., report that the profits for the year ending December 31 last, amounted to £1,636,969, which with £113,597 brought forward makes for appropriation £1,750,566, as follows: For payment of salaries to members of the staff who are engaged with His Majesty's forces, and bonus to others, £207,606; to writing down investments £632,501; to payment of dividends for the year 1916 at the rate of eighteen per cent. per annum, less income tax, £666,920, and carry forward £243,539.

A Leading London Banker's View

AT the annual meeting of the Union of London and Smith's Bank, January 24, Sir Felix Schuster, the governor of the bank, in reviewing the financial and economic situation, said:

"In addition to loans a great many American securities have been sold. It has been estimated that £350,000,000 of American securities have been sold, but it is impossible to speak with certainty of the figures, which, however, are very large.

"It must be remembered we are financing not only our own allies' requirements, but that the whole burden falls on our exchange. After the war all efforts must be directed to developing our industries to enable them to compete successfully in all markets of the world.

"Although the short term paper with which we have financed the war largely in the past is somewhat dangerous and must not be carried to excess, it must be remembered that the Treasury bill is an instrument particularly suited to our methods of finance, replacing to a large extent the commercial bill which has disappeared owing to the war.

"The country's foreign trade has maintained itself remarkably well, but the adverse balance of trade is staggering and constitutes one of the most serious and most urgent questions which may entail considerable sacrifices on the part of the community. It is a factor which threatens the whole economic position of the country and can be rectified only by a serious reduction of our imports and by the elimination of everything not essential."

Co-operation between Great Britain and the United States

THIS is what is looked for by "The Statist" of London, which says that with a great war raging, it is needless to add that the future value of money is beset with much greater uncertainties than are produced even by factors such as those whe have just mentioned. Who can determine, for example, what will be the first effects of peace itself upon the world's money markets? And yet again, assuming the war to continue throughout the year, how much may depend upon the course of devel-

opments in the United States. Of one circumstance we have no doubt whatever —namely, that when the period of peace arrives, with its great demands upon capital and credit in connection with the restoration of the ravages of the war, the ability of international credit to bear that strain will depend in no small measure upon the maintenance of good will and the closest possible co-operation between the two great money powers of the world—Great Britain and the United States. In that connection, therefore, we are glad to note the reports of the establishment of a close connection between the Federal Reserve Bank of New York and the Bank of England.

Cost of the War to Australia

REVIEWING the cost of the war the "Australasian Banking and Insurance Record" says that the total from the commencement to September 30 was £68,328,658. The loans raised from the British Government and from local issues within Australia account for nearly the whole of the £63,584,954 defrayed out of loans, but a small amount has also been obtained from the Australian Notes Fund, including £950,000 in Treasury bills used for war purposes, purchased by the Notes Fund during the quarter ended September 30.

Bank of British West Africa

THE directors of the Bank of British West Africa, Limited, announce that the Rt. Hon. Viscount Milner, G.C.B., G.C.M.G., having accepted Government office, has resigned his seat on the board. The directors record their appreciation of the great services rendered by Lord Milner for a period of nearly seven years, during which the bank, under his administration, has steadily expanded and progressed. The Rt. Hon. the Earl of Selbourne, K.G., C.C.M.G., has been elected a director, and succeeds Viscount Milner as chairman of the bank.

Reduction in Values of Securities Held by British Banks

REVIEWING the progress of banking in Great Britain and Ireland during 1916, the London "Bankers Magazine" says:

"We may observe at this point that the amount written off from the value of the securities in the year 1916 was larger than in any other year that we have hitherto recorded. In the year 1915 the amount was also large. Some twenty-nine millions, in round figures, have, according to these figures, been, during the last fifteen years, written off

from the value of the securities. We again have to repeat with respect to these figures that the banks do not in all cases name the prices at which their securities are held, nor do they either always mention what is spent in writing down the value. There is no doubt that the actual amount is considerably larger than what is recorded in the published figures. It appears probable from what we can learn that during the fifteen years under notice, the amounts of which no notice was given, would collectively have increased the figures stated in the accounts of the banks by more than £5,000,000 further. Thus, in place of about twenty nine millions written off the value of the securities held, we may believe that fully thirty-four or thirty-five millions have been employed thus since the year 1902."

Firm Change at Buenos Aires

ANNOUNCEMENT is made by Messrs. Ernesto Tornquist & Co., Buenos Aires, that Dr. Eduardo A. Tornquist has been named as a director and that Oscar Ostermayer, who held the firm's power of attorney for a number of years, has retired from the firm.

Dollar Credits

C. F. KOTH, manager of the Foreign Exchange Department of the Broadway Trust Company, believes that dollar credits will form an important place in the evolution of the United States as the world's financial center.

"The principal merits of these dollar credits," said Mr. Koth in a recent article in the *Financier*, "are in the fact that they tend to standardize and stabilize dollar exchange in foreign markets, and that they simplify and reduce the cost of financing when the prices in the sales-contract underlying the importation are in dollars and cents. Last but not least they dignify the American banker in the role of being able to finance the importations of his own country.

"It is expected that the stimulus which has been given to these dollar credits by the present European unsettlement will not lose its momentum after normal conditions have been reëstablished, and that they will form an important phase in the present evolution of the United States of America as the world's financial center."

Barclay & Company, Ltd.

THE directors of Barclay & Company, Ltd., report net profits for the year ending December 31, 1916, of £1,111,043, provision having been made for all bad and doubtful debts. An interim dividend of 4s per share on 474,861 "A" shares £4 paid, 7s per share on 450,000 "B" shares £4 paid, and 1s 9d per share on 894,999 "B" shares £1 paid, being at the rate of ten per cent. per annum on the "A" shares, and seventeen and one-half per cent. per annum on the "B" shares, less income tax in each, was paid on August 1, 1916, amounting to £264,627. A final dividend at the same rates was paid January 1, 1917, amounting to £248,088.

The total assets of Barclay & Company, Ltd., on December 31 were £116,946,701. It has a nominal capital of £13,500,000, subscribed capital of £12,679,440 and paid-up capital of £4,594,443.

Boston Bank to have Argentine Branch

GRADUALLY, under the provisions of the Federal Reserve Act authorizing banks with $1,000,000 capital and upwards to establish foreign branches, American banks are extending their op-

erations abroad. One of the latest to plan entrance to the foreign field is the First National Bank of Boston, which announces that it will shortly establish a branch at Buenos Aires, Argentine Republic.

Trade between the Argentine and the United States has shown a remarkable growth recently, and as Boston takes some two-thirds of the wool and hide imports coming from that country as well as exporting there very largely, the demand for added banking facilities has made it desirable for the First National Bank of Boston to open an Argentine branch.

The manager of the branch and most of the staff will be selected at Buenos Aires from those having local banking experience.

Book Reviews

Paine's Analysis of the Federal Reserve Act. (Including analyses of the Federal Farm Loan Act, the Bill of Lading Act, the amendment of the Eight Section of the Anti-Trust Act, and the Rules and Regulations of the Federal Reserve Board. By Willis S. Paine, LL.D., author of "Paine's National Banking Laws," "Paine's New York Banking Laws," etc. New York: The Bankers Publishing Co. 8vo., pp. 416; price, $5.

Since the enactment of the National Banking Law there has been no legislation with respect to banking in the United States at all comparable with the Federal Reserve Act. Indeed, as the new law develops its operations, it becomes apparent that here is a measure which may in time tend to bring all banks together in a single system—a result that would of course overshadow the effects of the National Banking Act itself.

Banking legislation of such vast importance cannot be too well understood, for it vitally concerns both the public welfare and the profits of the banks.

In a full presentation of the various features of the Act, and of the rules and regulations of the Federal Reserve Board, and in a clear and complete analysis of the provisions of 'the law, Mr. Paine's treatise excels anything yet published relating to the Federal Reserve System.

Until one examines the vast amount of information carefully collated in this volume, it is practically impossible to realize the striking changes that have taken place in banking since this law was passed. It has already practically revolutionized the method of handling the banking reserves of the country, and is gradually effecting a change in the method of issuing notes. More sweeping still are the changes taking place in regard to collections, while even the clearing-house functions are tending toward absorption by the new system. The recognition given to accepting and rediscounting has also worked an important change in American banking methods.

These are but the outstanding peaks, as it were, that mark the most prominent departures from the traditions and practices of the past. Hardly less interesting are the many minor changes which the law introduced, and which summed up virtually establish a new code of banking procedure.

Mr. Paine has adopted the chronological method of treatment in handling his subject, tracing step by step from the time the law was enacted to the present just what has been done to carry out its provisions. He gives a clear analysis of the law itself, of its several

amendments, and of the rules and regulations of the Federal Reserve Board. Comparison with the National Banking Act and other related statutes is made, so that one gets an understanding of what former laws were amended or superseded and what the banking law now is. Especially valuable are the comparisons with the banking laws of the various states. The Federal Farm Loan Act, the Anti-Trust Law (Clayton Act) and the Bills of Lading Act, all of which have at least an indirect relation to banking, are included in the scope of the author's investigations.

Mr. Paine's training as lawyer, banker, superintendent of the Banking Department of the State of New York. and as author of other standard works on banking law, has especially qualified him to prepare an authoritative treatise on the Federal Reserve Act. With this volume in hand the banker can get, from documentary sources, the most complete presentation of the law and rulings yet brought together in book form, combined with a lucid explanation of obscure points.

New National Bank Examiner for Second Federal Reserve District

ON January 24 Hon. William P. Malburn, Assistant Secretary of the Treasury, resigned that office and accepted the office of Chief National Bank Examiner for the Second Federal Reserve District, with headquarters at New York.

Before Mr. Malburn became Assistant Secretary of the Treasury, in March, 1914, he was for over ten years engaged in the practice of law in Denver, and prior thereto, had thirteen years' experience in the operation of national banks in Colorado, principally in Denver.

As Assistant Secretary of the Treasury Mr. Malburn has had general supervision of the fiscal bureaus of the Treasury Department, including the offices of the Comptroller of the Currency, the Treasurer of the United States, Bureau of Internal Revenue, Bureau of Engraving and Printing, Comptroller of the Treasury, Register of the Treasury, the auditors of the Treasury, War, Navy, Postoffice and Interior, and of the State and other departments, and also of the Bureau of the Mint.

WILLIAM P. MALBURN
Chief National Bank Examiner, Federal Reserve District No. 2.

Mr. Malburn succeeded Hon. Charles S. Hamlin as Assistant Secretary of the Treasury when Mr. Hamlin resigned to become Governor of the Federal Reserve Board, Mr. Hamlin having succeeded Hon. John Skelton Williams, when the latter resigned to accept the office of Comptroller of the Currency and member ex-officio of the Federal Reserve Board.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

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F. R. Adams, Will Co. National Bank, Joliet, Ill.
American National Bank, Richmond, Va.
D. Ansley, care Central Trust Co., San Antonio, Texas.
Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
The Bankers Magazine, New York.
H. C. Berger, Marathon County Bank, Wausau, Wis.
E. L. Bickford, cashier, First National Bank, Napa, Cal.
R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
D. R. Branham, 6252 Leland Way, Los Angeles, Cal.
Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
Bank of San Rafael, San Rafael, Cal.
E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
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E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
The Citizens Bank & Trust Co., Tampa, Fla.
Citizens National Bank, Oconto, Wis.
Commercial Bank, Midway, Kentucky.
Allan Conrad, Box 335, Port Huron, Michigan.
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L. S. Critchell, publicity manager, Guaranty Trust Co., New York.
Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
Bradley Currey, c/o Fourth & First National Bank, Nashville, Tenn.
H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
C. M. Davenport, pub. mgr., Citizens Trust & Savings Bank, Los Angeles, Cal.
Dexter Horton National Bank, Seattle, Wash.
T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
J. C. Ehersprancher, assistant cashier, First National Bank, Shelbyville, Ill.
A. A. Ekirch, secretary, North Side Savings Bank, New York City.
F. W. Ellsworth, Secretary Guaranty Trust Co., New York.
The Franklin Society, 38 Park Row, N. Y.
B. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
First National Bank, Lead, S. D.
H. Gavere, asst. cash. of Scandinavian American Bank, Grand Forks, N. D.
B. P. Gooden, advertising manager, New Netherland Bank, New York.
J. W. Groves, advertising manager, Minnesota Loan & Trust Co., Minneapolis, Minn.
German American Bank, Springfield, Mo.
C. F. Hamsher, First National Bank, Los Gatos, Cal.
Victor F. Hann, manager publicity department The Fifth Avenue Bank, New York City.
J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
D. L. Hardee, publicity manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
W. A. Harper, Lumberman's National Bank, Houston, Tex.
E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
John R. Hill, Barnett National Bank, Jacksonville, Fla.
Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
Charles D. Jarvis, c/o Savings Bank of Utica, New York.
W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
Theodore Jessup, Woodlawn Trust & Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Grover Keyton, New Farley National Bank, Montgomery, Ala.
M. R. Knauft, cashier, Merchants National Bank, St. Paul, Minn.
A. T. Kahn, vice-president, Commercial National Bank, Shreveport, La.
A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
E. G. McWilliam, publicity manager, Security Trust Savings Bank, Los Angeles, Cal.
Ralph H. Mann, Park Trust Co., Worcester, Mass.
Charles S. Marvel, The First-Second Savings & Trust Co., Akron, Ohio.
Dave S. Matthews, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
Griffin McCarthy, manager Publicity Department, St. Louis Union Trust Co., St. Louis, Mo.
J. H. McDowell, c/o American Trust & Banking Co., Chattanooga, Tenn.
Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.
W. W. Norton, Treas., Robbins Burrall Trust Co., Lakeville, Conn.
Old State National Bank, Evansville, Ind.
J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
John Poole, president, Federal National Bank, Washington, D. C.
A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

John W. Pratt, Real Estate Officer, The Kennett Trust Co., Kennett Square, Pa.
Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
W. W. Russell, cashier, First National Bank, White River Junction, Vt.
George J. Schaller, cashier, Citizens National Bank, Storm Lake, Iowa.
Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
Sioux City Trust & Sav. Bank, Ben W. Frieden, cashier, Sioux City, Iowa.
T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
A. C. Smith, Vice President, City National Bank, Clinton, Iowa.
J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
F. E. Stewart, secretary and treasurer, Commercial Savings Bank & Trust Co., Toledo, Ohio.
T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
J. C. Stover, secretary-treasurer, Indiana Savings & Loan Assn., South Bend, Ind.
C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
Union Trust Co. of D. C., Washington, D. C.
F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
John W. Wadden, Lake County Bank, Madison, S. D.
Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
J. E. Williams, assistant cashier, Third National Bank, Scranton, Pa.
C. C. Willson, c/o Continental & Commercial Trust & Savings Bank, Chicago, Ill.
Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

A. J. Meyer, Union Trust Company, Rochester, N. Y.
George W. Shepherd, c/o International Trust Co., Boston.
M. I. Van Name, 226 Columbia Ave., Philadelphia, Pa.

Importance of the Trust Companies of New York

SPEAKING recently at the annual luncheon meeting of the Trust Companies Association of the State of New York, Eugene Lamb Richards, Superintendent of the State Banking Department, said that the resources of New York trust companies represent thirty per cent. of the wealth of New York State, and at least ten per cent. of the total wealth of the country. The Bank Superintendent attributed this condition largely to the ability with which these institutions have been managed.

Forcing State Banks to Join

A PROVISION in the bill (H. R. 20,045) introduced by Representative Glass as an amendment to the Federal Reserve Act is regarded as a measure designed to force State banks and trust companies to join the Federal Reserve System. This provision would prohibit a member bank from keeping with any non-member bank deposits in excess of ten per cent. of its own paid-up capital and surplus. Moreover, it provides that no member shall act as a medium or agent of a non-member bank in applying for or receiving discounts from a Federal Reserve Bank, except by permission of the Federal Reserve Board. State institutions which have not applied for membership in the Reserve System have argued that in case of need they could have their paper rediscounted at the bank through their correspondents who are members of the system. If the proposed amendment is adopted by Congress, non-member banks will not be able to resort to this expedient, and many of them, no doubt, will hasten to join the system in order that they might avail themselves of the facilities that it has to offer.—N. Y. Times.

Problems Facing the Country Banker

McLANE TILTON, president of the First National Bank, Pell City, Ala., has resigned as secretary-treasurer of the Alabama Bankers Association to devote more time to country bank problems. In a circular letter to country bankers he says:

"About two-thirds of the people of the United States live in small towns or in rural districts. The banks supplying credit to these people have average capital of modest dimensions. It is the union of the credit facilities of these banks with the labor of these people that produces the agricultural wealth of the nation upon which its prosperity turns. No other agency can supply this credit. Though these facts are true, few men high in government or banking authority appreciate them. The bare statement of the facts should carry the deduction that the cause of these small banks, two-thirds in number of all banking concerns, is the cause of two-thirds of the people of the United States, the very people whose banking and credit requirements the law and executive orders can least afford to disregard. But these requirements have been disregarded, whether by design or without intention matters not. This situation has come about because country bankers have been unwilling or unable to do what should have been done to protect themselves and their customers.

"Both the National Bank and the Federal Reserve Acts recognized essential differences betwen city and country banking. They were partly met by differences in the fundamentals of capital and reserve requirements. They were not met in a more important particular, a distinction in supervision as applied to routine management. It is unwise and unnecessary to force country banks to toe the same line both wise and necessary for city institutions. The effort to do so has become a heavy, an almost impossible burden.

"Again, no distinction has been made between the risk and cost of credit in city and country. A statute, long a dead letter, economically dead centuries before its passage, has been revived to hold interest rates to a point that permits of no profit to thousands of country banks, a point that the character of the risk, its security and term, do not justify. In his Kansas City address Mr. Warburg advocated allowing large corporations to pay a higher than legal rate upon occasion. How much more urgent that the man of small or no means should enjoy this privilege when its denial may drive him to buying goods on credit at a far greater profit to the seller and may mean his going without money and goods?

"And finally, there is the exchange problem. Too much has been said and written about it to be restated here. The sum and substance of this business is that country banks are being forced to perform a service without compensation, contrary to the letter and spirit of our institutions, putting profits in the pockets of city banks and business houses that they do not deserve and denying a source of legitimate revenue that many thousands of us cannot afford to do without.

"These are only three of the problems facing us. Others will demand attention when these are disposed of. The question is how can we dispose of them? There have been protests and resolutions without end and committees whose name is legion. They have thus far been unavailing because the committees did little or nothing and the resolutions were barely worth the paper on which they were written. The one thing lacking is the essential, and that is work, intelligent, vigorous work, in the right direction. Widely scattered units, unorganized, without leadership, little or no voice in the American or state bank associations, country bankers have been helpless and we have suffered the fate of the helpless."

BEVERLY CHEW
VICE PRESIDENT

EDWIN F. ROREBECK
2ND VICE PRESIDENT

GEORGE C. VAN TUYL, JR.
PRESIDENT

JAMES F. McNAMARA
3RD VICE PRES & TRUST OFFICER

HAROLD B. THORNE
4TH VICE PRESIDENT

Metropolitan Trust Company of New York in New Quarters

WITH deposits growing at an average rate of $18,000,000 yearly, which has been the record of the Metropolitan Trust Company of the City of New York for the past three years, and with every indication of a continued increase of business in the future, the need for larger banking quarters wherein this institution might adequately serve its large and rapidly-growing number of depositors and others requiring trust company

Main Stairway

service became imperative. Fortunately the officers were able to obtain commodious quarters at 60 Wall street, in the heart of the financial district, and into these the company moved on January 8. In these new quarters there is more than three times the floor space available at the former location. and here every modern facility has been provided for the efficient handling of the company's fast increasing business.

The banking room, running through from Wall Street to Pine street, is approximately 50 feet wide by 165 feet long, with a ceiling 35 feet high. On the Wall Street end is located spacious officers' quarters. Here customers are welcomed, and there is a bookcase, stock and bond ticker, table, periodicals and every provision for their comfort and convenience. Immediately adjacent to the officers' section is the committee room.

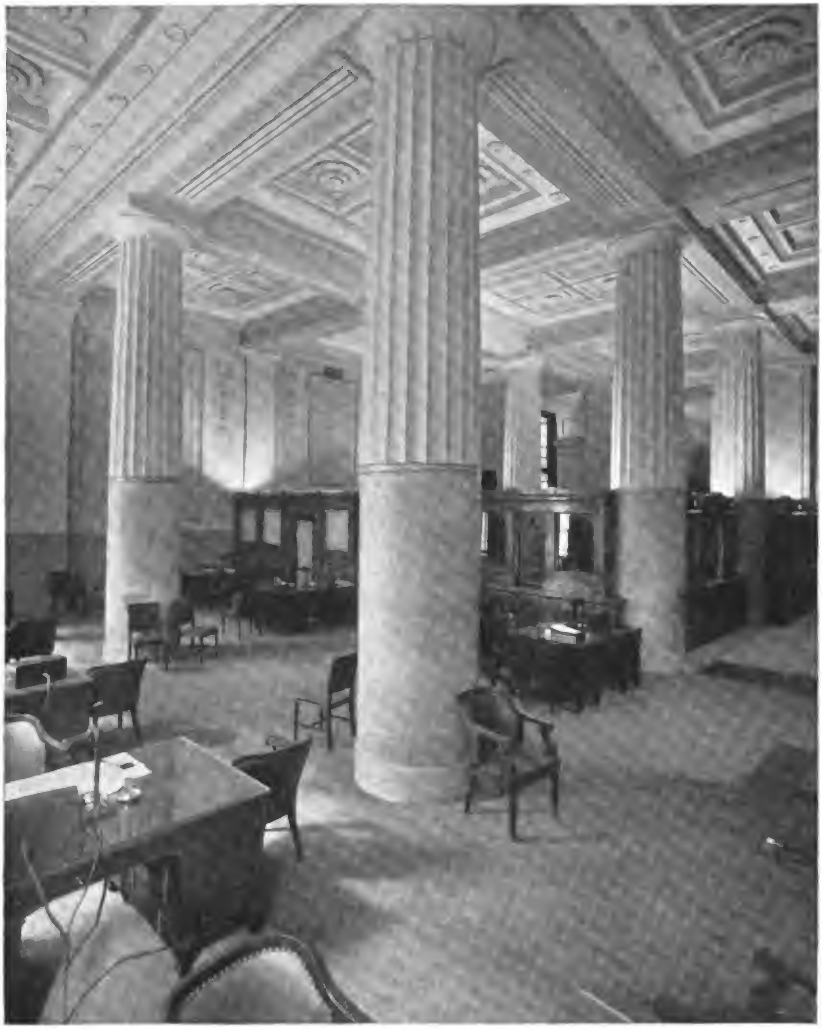
The first floor is arranged with twelve large cages for the different departments. On the Pine street end of the banking room is the trust department, with a large committee room adjoining.

Vista of Banking Lobby Showing Indirect Lighting Effects

The stenographers are well taken care of in the space back of the cages. A pneumatic tube service has been installed running from the main banking room up to the bookkeepers' room on the fourth floor. All cages are fitted with telephones and push button calls and some cages are provided with telautograph stations. Dictographs are on the desks.

In rebuilding the banking room special care was taken to install a perfect indirect lighting system, all fixtures being concealed from view. Lights are arranged back of the cornice of the screen and the rays are thrown to the ceiling and then reflected back to the floor, making an evenly lighted room. All cages are also equipped with separate Frink lights immediately over the wickets.

A new feature is the scheme for lettering at each wicket. It is a combination bronze and glass sign with the name of the cage in ground letters, and a number over it. This equipment has a hidden light which illuminates both the name of the cage and the number.



Officers Section at Wall Street End

All working space is covered with battleship linoleum, the public space with marble, and the officers' space and committee rooms of quartered oak parquet, the parquet in turn having fine Saxony carpetings. Four new marble check desks have been provided.

On the mezzanine overlooking the bank are located the following departments: Credit department, purchasing department, files and mailing department. Also on this mezzanine two switchboard operators are so placed that from their station they each observe every officer's desk.

On the fourth floor the bookkeepers' department occupies a large space, also the auditors' room, new business department, customers' room, transit and rack rooms, stenographers' space and publicity department. All of the partition work on the fourth floor is of mahogany finish woods, the flooring covered with battleship linoleum.

The pneumatic tubes coming from the first floor have their terminus in the

bookkeepers' space. A telautograph station is also installed in this same space. All of these rooms are equipped with telephones and buzzer calls.

On the ninth floor is the directors' room, finished in early English style with a paneled quartered oak wainscoting running from floor to ceiling. A beautiful stone and marble fireplace is a feature of this room. The ceiling is paneled in plaster following the same type of architecture. All furniture is early English. The windows in this room have leaded muntins, in keeping with its character.

NEW UPTOWN OFFICE RECENTLY OPENED

It will be recalled that this is the second time that the Metropolitan Trust Company has had a house warming within a year. On March 6 last the uptown office, 716 Fifth avenue, was thrown open to the public and the complete equipment and architectural beauty of this building was the subject of much congratulation and sincere admiration. At last reports the deposits of this branch amounted to three millions.

In addition to this, the year just past marks the opening of a club house at Howard Beach for the housing of the Mettco Club, an organization of the employees and officers of the bank. The new club house, which is designed for recreation and good fellowship, was erected for the club's purposes by the bank.

In this connection it is interesting to recall the various locations occupied by the Metropolitan Trust Company.

Its doors were first opened to the public in one room at 41 Pine street. This was on December 1, 1881—over thirty-five years ago. The force consisted of a president, one secretary, one bookkeeper and one messenger.

These quarters proved too cramped, however, so that on the following May the offices were removed to 17 Nassau street. After three years at this location, removal was again made; this time

View of Marble Construction

Trust Department Section on Pine Street

to the old Mills Building at 35 Wall Street.

In February, 1888, during the great blizzard of that year, the company transferred its offices to its own building next door. Here it did business for a period of fifteen years, or until 1903.

Since 1903, its continuous location has been at 49 Wall Street, until its removal last month to 60 Wall Street.

HISTORY OF THE COMPANY

The Metropolitan Trust Company was chartered under the New York State banking laws in 1881 and began business on December 1 of that year. From the start it was known as one of the leading financial institutions of New York City and had on its board of directors many noted financiers.

The first president of the company was General Thomas Hillhouse, who had been serving as assistant treasurer of the United States, with offices at the New York Sub-Treasury. General Hillhouse had a notable career as a banker and state and Government official. Previous to assuming his duties at the Sub-Treasury he had served as Adjutant-General under Governor E. D. Morgan during the troublous times of the Civil War, and had a term as Comptroller of the State of New York. He had also been a member of the New York State Senate.

The first vice-president was Fred D. Tappen, former president of the Gallatin National Bank of New York City.

General Hillhouse served the company during a period of sixteen years and Mr. Tappen's service covered an even longer space of time, or until his death in 1902.

Walter J. Britton, who had been cashier in the Sub-Treasury under General Hillhouse, was the first secretary of the company.

During its entire history the Metropolitan Trust Company has had but three presidents, General Hillhouse having been succeeded in January,

Directors Room

1898, by General Brayton Ives, who served thereafter until October 16, 1912, when he resigned on account of ill health, to be followed eighteen months later by the present incumbent, George C. Van Tuyl, Jr., former Superintendent of Banks of the State of New York.

The company at its formation had an authorized capital stock of $1,000,000, with authority to increase to $2,000,000. It continued to operate under the smaller capitalization, however, until January 30, 1903, when following the successful termination of a series of important negotiations, the Atlantic Trust Company, which in former years had been one of the strongest of Wall Street institutions, was merged into the Metropolitan Trust Company. In order to bring about this union, the capital stock of the Metropolitan Trust Company was increased to $2,000,000, and in the merger two shares of Atlantic Trust Company stock were exchanged for one share of Metropolitan Trust Company stock.

DISTINGUISHED MEN WHO HAVE SERVED AS DIRECTORS

Distinguished bankers, politicians, soldiers, lawyers, merchants, and even nation builders, are numbered among the men who have been directors at various times of the Metropolitan Trust Company of the City of New York. It is a splendid list of names and attests the strength which has characterized the management of the company in the thirty-five years of its history.

While no classification of the Metropolitan's directors, past and present, can be made which would be exact, yet for purposes of information it is interesting to group together some of the names which are so well known in the annuals of New York. The list is as follows:

Farmer and Politician — General Thomas Hillhouse.

Financiers and Bankers—Joseph W.




BERTRAM CRUGER
Treasurer

GEO. N. HARTMANN
Secretary

R. W. K. ANDERSON
Asst. Treasurer

JOHN F. CISSEL
Asst. Treasurer

Drexel, Morris K. Jesup, Isaac N. Phelps, General Brayton Ives, Frederick D. Tappen, George C. Van Tuyl, Jr., J. Edward Simmons, James G. Cannon and John W. Ellis.

Leading Upstate Bankers—Robert H. Pruyn, J. Howard King, Dudley Olcott, of Albany; Edward B. Judson, of Syracuse; Freeman Clarke, of Rochester.

Standard Oil Group—Henry H. Rogers and Charles M. Pratt.

Pioneers in Mining, Banking, Etc.—Darius O. Mills and Henry C. Perkins.

Railroad Men—Collis P. Huntington, Hugh J. Jewett, Henry B. Plant, T. DeWitt Cuyler.

Insurance Executives—Anton A. Raven and Haley Fiske.

Steel and Iron Magnate and Banker—Norman B. Ream.

Auditors' Division

Merchants—E. D. Morgan, Jr., John T. Terry and Joseph Ogden.

Lawyers—Andrew H. Green, Supreme Court Justice George A. Hardin, John E. Parsons, Lewis Cass Ledyard and Henry W. deForest.

Capitalist—Bradley Martin.

THE BANK TO-DAY

Deposits of the Metropolitan Trust Company on January 31, 1917, aggregated $74,195,000, and on January 31, 1914, three years earlier, were $20,380,000. This growth is attributed to the methods employed by Mr. Van Tuyl and his fellow officers in the conduct of the affairs of this organization since they took charge three years ago.

Mr. Van Tuyl entered the banking business as a boy in Albany and had a thoroughly practical training in every branch of it, rising through the various grades to positions of responsibility in both the former National Exchange Bank of Albany and the Albany Trust Company. He was president of the latter institution when he was selected in May, 1911, as the head of the New York State Banking Department. During the time he was Superintendent of Banks the so-called Van Tuyl Commission was appointed by him to revise the New York State Banking Laws. The work of this commission resulted in the enactment of a banking code which has been a model for subsequent revisions in several of the more important states

M. H. BOCHOW
Asst. Treasurer

FREDERICK E. FRIED
Asst. Secretary

WILLARD E. McHARG
Asst. Secretary

R. P. KAVANAGH
Mgr. 5th Ave. Office

in the Union. Mr. Van Tuyl's name will ever be indissolubly connected with this work of revision.

Beverly Chew, first vice-president, entered the service of the Metropolitan Trust Company on his appointment as assistant secretary April 13, 1887. His service has been continuous since then. For a period of over ten years Mr. Chew was the secretary of the company, afterward becoming successively second vice-president, and on January 21, 1914, first vice-president. Mr. Chew is one of the best known financiers in Wall Street and during his years of experience has been associated with many bankers of international reputation.

Second Vice-President Edwin F. Rorebeck, who became vice-president of the company in January, 1914, like Mr. Van Tuyl, had many years of experience in the banking field. Back in his college days in Ohio he had been associated with the First National Bank of Marietta and afterwards was for nine years in the office of the Comptroller of the Currency at Washington. On his appointment subsequently as an active National Bank Examiner, he served at various times through the South and on the Pacific slope, with headquarters in San Francisco, and later in Chicago and New York City. Mr. Rorebeck was the secretary of the Van Tuyl Commission which revised the New York State banking laws.

James F. McNamara, third vice-president and trust officer, joined the staff of the Metropolitan Trust Company on the absorption of the Atlantic Trust Company. Mr. McNamara began business life as a boy in the employ of the Atlantic Trust Company and his experience covers a period of twenty-nine years.

Benjamin Strong, Jr., now governor of the Federal Reserve Bank of New York City, served as secretary of the Metropolitan Trust Company from January 30, 1903, to April 13, 1904.

Under the energetic and progressive management of these officers and their associates the deposits of the Metropolitan Trust Company increased rapidly.

The present officers of the Metropolitan Trust Company are as follows:

George C. Van Tuyl, Jr., president;

Bookkeepers' Department

Beverly Chew, vice-president; Edwin F. Rorebeck, second vice-president; James F. McNamara, third vice-president and trust officer; Harold B. Thorne, fourth vice-president; Bertram Cruger, treasurer; George N. Hartmann, secretary; R. W. K. Anderson, assistant treasurer; Frederick E. Fried, assistant secretary; Willard E. McHarg, assistant secretary; John F. Cissel, assistant treasurer; M. H. Bochow, assistant treasurer; Roger P. Kavanagh, manager Fifth avenue office.

Metropolitan Trust Company
60 Wall Street

The directors are as follows:

Theodore C. Camp, director, Lawyers Mortgage Company; William Carpender, of W. & J. N. Carpender; Beverly Chew, vice-president; Thomas deWitt Cuyler, director, Pennsylvania Railroad Company; Cornelius Eldert, president, Atlantic Mutual Insurance Company; Haley Fiske, vice-president, Metropolitan Life Insurance Company; J. Horace Harding, director, Brooklyn Rapid Transit Company; Harold Herrick, director, Niagara Fire Insurance Company; Erskine Hewitt, director, Union Sulphur Company; Henry W. Marsh, of Marsh & McLennan, insurance; Raymond T. Marshall, of Wilcox, Peck & Hughes; Bradley Martin, director, Hudson Trust Company, New Jersey; Walter E. Maynard, vice-president, Fifth Avenue Building Company; Ogden Mills, director, New York Central R. R. Co.; Edwin D. Morgan, general agent Corralitos Company; Charles W. Ogden, of Ogden & Wallace, iron and steel; Herbert Parsons, of Parsons, Closson & McIlvaine, lawyers; Harold I. Pratt, of Chas. Pratt & Co.; William Ross Proctor, special partner, Abbott Johnson & Co.; John W. Simpson, of Simpson, Thacher & Bartlett, lawyers; Joseph J. Slocum, director, Western Union Telegraph Company; John T. Terry, Jr., with Low, Dixon & Co.; George C. Van Tuyl, Jr., president; Alfred P. Walker, president, Standard Milling Company; Joseph Walker, Jr., of Joseph Walker & Sons; Horace White, attorney, Syracuse, N. Y.

Recruiting the Ranks

[From "The Practical Work of a Bank," by W. H. KNIFFIN, Jr.]

INASMUCH as most banks have occasions when they may need men at short notice they should have a file of applications, giving the general qualifications of men and boys, so that when the need comes there will be available candidates. It is important that the banks have the experiences of those advanced in life as a guide to what they have done, as well as an indication as to what they claim to be able to do. Boys should be investigated particularly as to their home life, for this is the essential element. A boy who has a good mother is a safe risk. The boy who keeps questionable company, is out late nights, and has no restraining influences, is a doubtful risk.

Some banks make it a rule to obtain help by advertising in the newspapers, filing application with the Y. M. C. A. and other high-grade agencies, never, of course, giving the name of the bank. This is often done to prevent directors from favoring their friends. From the answers to these advertisements applicants are interviewed and selections made.

THE KNACK OF CHOOSING MEN

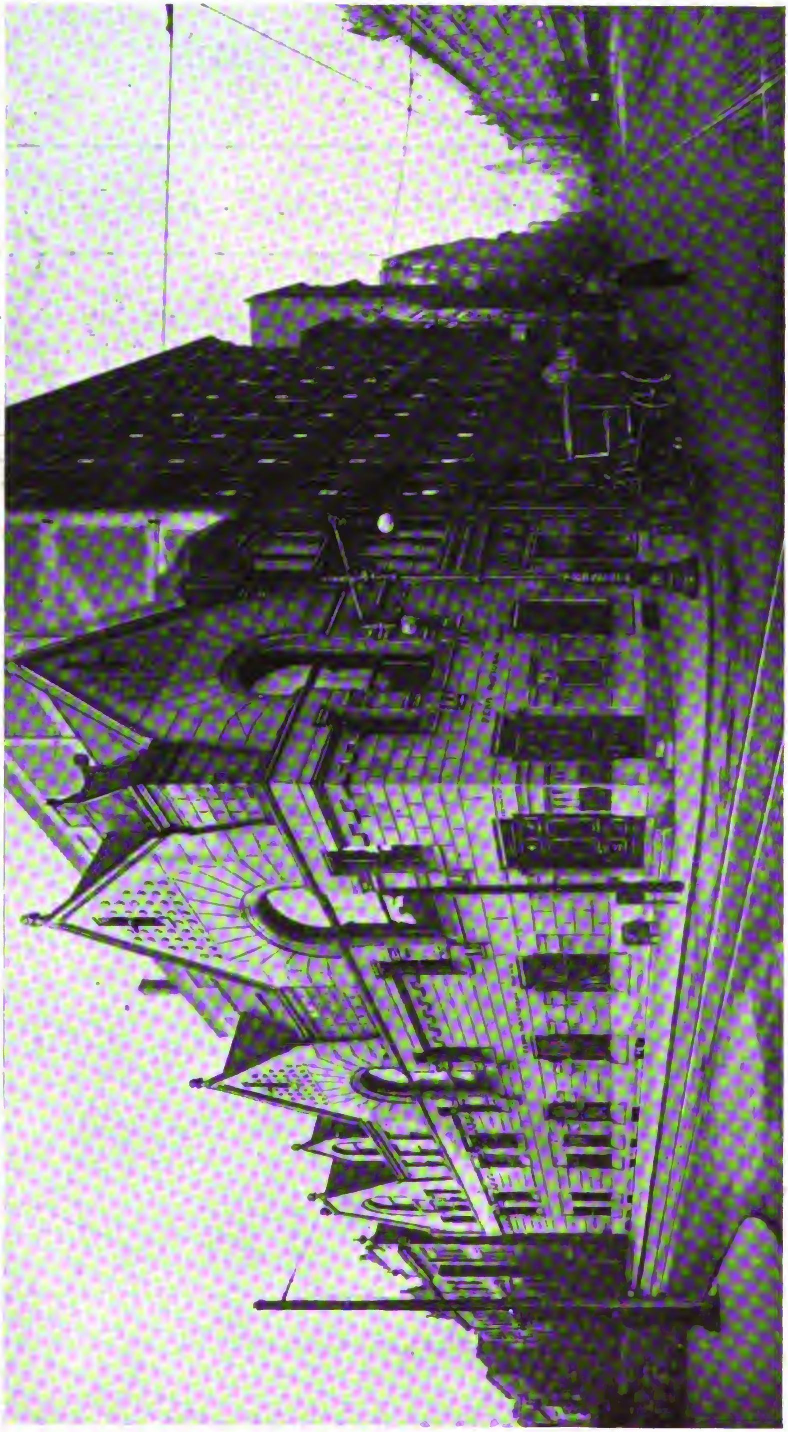
The knack of choosing men is an art acquired by few. The ability to get men who can do things better than yourself is a fine science, especially if in the doing they reflect credit upon themselves and you—and you do not become jealous. First impressions count. And while it is not fair to judge a man—or a boy—under severe nervous strain, the impression is important.

The author once had the pleasure of attending a meeting of an organization committee of a new bank, where applicants for an executive position were to be interviewed. Man after man was ushered in, and cross-examined, rather too pointedly for the applicant's comfort; but when the right man came along, the committee quickly agreed that he was their man.

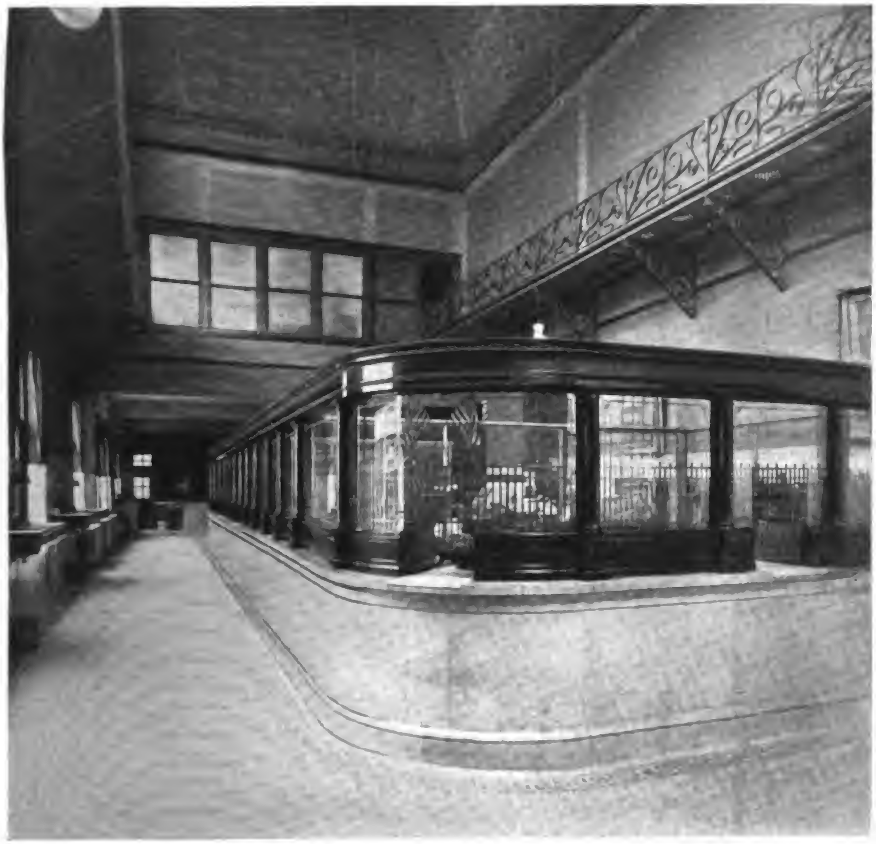
THE NEW RECRUIT

When the new recruit arrives he should be shown around the bank, made acquainted with the men, where they are, their names, and his general duties. He should be told certain things and not be left to find them out for himself. He should have the rules of the bank explained to him, and be placed in charge of the one next higher up for coaching. In New York there is a little book which gives the clearing-house numbers, location of banks, etc., all of which he will speedily learn as he begins his work. Clerks who handle money or valuables of any sort, in fact, all bank men are, as a rule, bonded. Personal bonds are now quite rare, the usual surety bond being common, easy to get and affording no embarrassment to anyone. The fee is usually paid by the bank, as it should be.

Many large institutions keep a record of all employees, when they begin work, salary, time of arrival at and departure from the bank, vacations, sickness, etc., as a check upon the man himself as well as a part of the machinery of the bank. Some check by timeclock, others by a record at the door, and signed by the employee, and some banks keep a record of errors made.



Penn National Bank, Philadelphia



Corridor from Entrance. Receiving Teller's Department

An Historic Philadelphia Bank

IT is peculiarly appropriate that the historic Penn National Bank should be located at one of the most renowned landmarks in the United States—the southwest corner of Market and Seventh streets, Philadelphia.

On this site Thomas Jefferson, delegated by the Continental Congress, assembled but a stone's throw away, drafted the famous document which established the freedom and prosperity of our country.

The original building in which this great paper was drafted was a three story brick house, occupied by a Mr. Graaf, a bricklayer. Thomas Jefferson, then but thirty-two years of age, occupied the second floor, consisting of a parlor and bedroom. Recalling this time some fifty years later, he said: "In that parlor I wrote habitually, and in it this paper (the Declaration) particularly."

About twenty years after the Declaration was written a dwelling was erected adjoining the Declaration house, on Seventh street, which was afterwards joined to it and a fourth

SAMUEL S. SHARP
President, The Penn National Bank, Philadelphia

MELVILLE G. BAKER
Vice-President and Cashier, The Penn National Bank, Philadelphia

President's Office

Self-Operating Elevator and Stairway Connecting Four Floors and Basement

story added, giving the structures the external appearance of one four-story building. In the course of time the buildings came to be adapted entirely to business purposes with tenants such as printers, dealers in ready-made clothing, makers and repairers of leather goods, and the first floor became a shop or store.

Until 1883 the buildings remained, but upon the purchase of the land by the Penn National Bank they were demolished and a handsome building devoted exclusively to the bank's requirements was erected. With the development and progress of the bank it was necessary a few years ago to extend the building further south on Seventh street, and now the building is one of the most artistic structures devoted exclusively to banking in the city of Philadelphia. Mindful of the sacred ground upon which our Independence was founded, there is conspicuously displayed on the outside front wall a large bronze tablet, 5 by 5 feet, a pho-

Entrance to President's Office

Officers' Department

HORACE C. BEITZEL
Assistant Cashier, The Penn National Bank, Philadelphia

WILLIAM B. WARD
Assistant to Cashier, The Penn National Bank, Philadelphia

tographic reproduction of which is is shown on the next page.

EARLY HISTORY OF THE BANK

Historic interest is not lacking in the story of the Penn National Bank. Nearly ninety years ago—November 27, 1827—a meeting of citizens representing the most influential in the part of Philadelphia then known as "District of Spring Garden," adopted Articles of Association and named thirteen commissioners with authority to receive subscriptions to the capital stock of the Bank of Penn Township and ordered notices of same to be published in the city's four newspapers, in addition to the distribution of two hundred and fifty handbills in the township.

That there was need for a bank and that its promotion was in the hands of able and responsible hands is evident from the great demand for the stock. The subscription books were opened in February, 1828, at Commissioners' Hall on Vine street, tickets of admission to the hall were required absolutely of all persons and it was also found necessary to pass resolutions "to deny the subscription from any one who shall come to the window over the heads of or on the shoulders of persons who may be standing under same." It was also agreed that "the Commissioners shall relinquish their right to subscribe to any additional stock and that the number of shares for which they had taken the privilege of subscribing, be taken and sold at public auction and the profit which may be realized upon such sale shall be placed in the hands of the president of the Board of Commissioners of Spring Garden for the benefit of the poor widows and orphans of Penn Township, or be applied to some other charitable or benevolent purpose, at his discretion."

Historic Tablet on the Present Building of Penn National Bank

The Bank of Penn Township received its charter from the State Legislature December 15, 1827. On May 13, 1828, the first meeting of directors was held in Commissioners' Hall and there were present Daniel H. Miller, Joseph Taylor, John M. Ogden, William S. Frederick, Isaac Koons, Gideon Scull, James S. Huber, Lewis Lowry, Anthony McConnel, Nathan Davidson and Jacob Alter. Daniel H. Miller was elected the first president and Jacob Frick the first cashier.

Dividend payments began almost immediately, the first, two per cent., being paid on November 4, 1828. This was followed by payment of four and one-half per cent. six months later.

At the very inception of the bank due consideration appears to have been given for the convenience and the accommodation of its patrons. After considerable thought and investigation by a committee appointed for the purpose a dwelling located on the southwest corner of Callowhill and Sixth streets was selected as the first banking house for the Bank of Penn Township.

An opportunity to obtain a still more desirable site for the banking rooms soon presented itself and on November 20, 1829, the northwest corner of Sixth and Vine streets was purchased for $12,500, upon which was erected a building 40x50 feet at a further cost of $13,500. Later a 20x40-foot dwelling house on the north end of the lot adjoining on Sixth street was erected at a cost of $4,747, which was occupied by

View of Main Floor from Safe Deposit Department

Exterior of Vault on Main Floor

the cashier until sold for $7,000 in 1842.

The banking house at Sixth and Vine streets was occupied until 1883, when the present home of the Penn National Bank, popularly known as the "Declaration Building," was erected on the land, consecrated by the Declaration of Independence at the corner of Market and Seventh streets.

In 1864, upon the passing of the National Bank Act, the Bank of Penn Township was one of the first to apply for a national charter and on October 20, 1864, received authority to operate as a national bank with charter No. 540. Under the rigid and protecting provisions of the National Bank laws the Penn National Bank has carried on its business in due conformity with all the legal requirements of the Federal Government, and has followed a broad and liberal policy in confining its business strictly to commercial banking.

That this policy has been appreciated by the merchant and manufacturer is made evident by the remarkable table exhibited below showing the progress of the bank since its national bank charter was received.

Year	Capital	Surplus and Profits	Dividends	Rate
1864	$350,000	$46,427.78	$42,000	12%
1865	350,000	138,514.61	42,000	12%
*1866	500,000	36,541.46	50,000	10%
1867	500,000	43,690.16	50,000	10%
1868	500,000	63,803.92	50,000	10%
1869	500,000	80,506.75	50,000	10%
1870	500,000	107,725.97	55,000	11%
1871	500,000	109,056.34	60,000	12%
1872	500,000	122,517.57	60,000	12%
1873	500,000	118,329.04	55,000	11%
1874	500,000	119,089.38	50,000	10%
1875	500,000	119,443.68	50,000	10%
1876	500,000	115,587.00	50,000	10%
1877	500,000	117,138.11	40,000	8%
1878	500,000	107,880.84	35,000	7%
1879	500,000	119,548.98	30,000	6%
1880	500,000	111,201.26	30,000	6%
1881	500,000	128,642.38	30,000	6%
1882	500,000	140,445.13	30,000	6%
1883	500,000	154,093.45	30,000	6%
1884	500,000	157,428.22	30,000	6%
1885	500,000	147,688.10	30,000	6%
1886	500,000	160,154.23	30,000	6%
1887	500,000	207,038.18	30,000	6%
1888	500,000	251,225.44	30,000	6%
1889	500,000	284,559.51	30,000	6%
1890	500,000	328,307.32	30,000	6%
1891	500,000	380,095.50	30,000	6%
1892	500,000	419,601.21	30,000	6%
1893	500,000	466,339.39	30,000	6%
1894	500,000	488,840.36	30,000	6%
1895	500,000	520,728.65	30,000	6%
1896	500,000	555,716.77	30,000	6%
1897	500,000	563,643.49	40,000	8%
1898	500,000	575,387.70	40,000	8%
1899	500,000	613,601.72	40,000	8%
1900	500,000	663,929.83	40,000	8%
1901	500,000	725,149.20	40,000	8%
1902	500,000	810,226.05	40,000	8%
1903	500,000	879,430.14	40,000	8%
1904	500,000	919,540.09	40,000	8%
1905	500,000	980,721.81	40,000	8%
1906	500,000	1,072,443.17	40,000	8%
1907	500,000	1,153,143.05	50,000	10%
1908	500,000	1,216,999.90	50,000	10%
1909	500,000	1,278,091.89	50,000	10%
1910	500,000	1,347,352.04	60,000	12%
1911	500,000	1,418,873.52	60,000	12%
1912	500,000	1,489,760.29	60,000	12%
1913	500,000	1,571,569.46	60,000	12%
1914	500,000	1,621,489.10	60,000	12%
1915	500,000	1,620,223.40	60,000	12%
†1916	500,000	1,647,207.13	65,000	13%

* Special dividend $150,000 from surplus to increase capital stock.

†7% paid November, 1916.

A SPECIALIST IN COMMERCIAL BANKING

The Penn National Bank is a specialist in commercial banking, catering particularly to the merchant and manufacturer, for whom it has always provided every service and facility for the efficient transaction of this class of business.

For nearly four score years and ten the Penn National Bank has adhered to a policy of safety combined with liberality; efficiency without undue red-tape; ability and willingness to meet the requirements of its patrons and to assist the merchant and manufacturer in commercial problems, which the experience of the officers in the extended and varied branches of the banking business, qualify them to intelligently solve.

Every modern and proved device to assist in the rapid and accurate handling of the great volume of work is installed in the bank, not with the idea of saving labor, but for the efficient service to its patrons. Above all mechanical devices, the intelligence and courtesy of the employees is the first requirement by the executive staff. Each employee is trained in his particular work to assure the most exacting depositor satisfactory service and has been thoroughly imbued with the idea that courtesy and promptness are the two watchwords of effective banking service.

The officers of the Penn National Bank are as follows: President, S. S.

Sharp; vice-president and cashier, M. G. Baker; assistant cashier, H. C. Beitzel.

The following comprise its board of directors: Samuel S. Sharp, president; Winthrop Smith, banker; John F. Stoer, Alburger, Stoer & Co., Inc., importers and jobbers; Abram C. Mott, Abram Cox Stove Co.; Ralph H. North, North Bros. Mfg. Co.; Grellet Collins, Dill & Collins Co., paper manufacturers; Evan G. Chandlee, E. K. Tryon Company, sporting goods; Raymond W. Tunnell, F. W. Tunnell & Co., glue and fertilizers; Melville G. Baker, vice-president; Edwin L. Blabon, George W. Blabon Co., linoleum manufacturers; Irving Kohn, Kohn, Adler & Co., wholesale millinery.

LIQUIDITY OF ASSETS

A study of the financial statement of the Penn National Bank immediately shows the remarkable liquidity of the bank's assets. The condensed statement of the bank as supplied to the Comptroller December 27, 1916, follows:

ASSETS		
Immediately available:		
Cash and reserve		$2,262,362.87
Checks for clearings		335,082.01
Due from correspondents		336,917.49
Demand loans		1,223,899.06
		$4,158,261.43
Available within 30 days:		
Loans due in 30 days		$1,791,197.90
United States bonds (par)		200,000.00
Other bonds and investments		497,268.09
		$6,646,727.42
Other loans and discounts:		
Due within 90 days		$2,441,816.02
Due after 90 days		1,460,677.82
Banking property		280,000.00
		$10,829,221.26
LIABILITIES		
Deposits		$8,499,264.13
Circulation		182,750.00
Capital stock	$500,000.00	
Surplus and profits	1,647,207.13	2,147,207.13
		$10,829,221.26

We, I, Us & Company

By W. R. Morehouse, Assistant Cashier German-American Trust and Savings Bank, Los Angeles, Cal.

LYING before me, spread out upon my desk, is a multigraphed letter, well constructed mechanically and fully one hundred per cent. better than a majority of the letters which come to my desk from banks throughout the United States. Almost perfect in many particulars, I would say; the "fill-in" is well done, and the signature is a good imitation of the genuine. The letterhead is artistic, with the bank's name standing out in bold embossed letters.

This letter, so remarkably good in many ways, is, however, deficient in just one way, which makes it ineffective as a business-builder (for which purpose it was intended). That little word "We" begins nearly every line, and is the most conspicuous thing in the letter. I read it line by line; I am impressed with the one fact that "We" are the Bank, that "We" are the whole show, stage, scenery and audience, too. I am made to feel that, although this message was intended for me, I am not even shown a passing consideration. My affairs are of no importance as compared to "Ours," nor have "We" room for anyone else, as "We" need all the space in which to tell all about "Our" own achievements; what "We" have done in the past, what "We" are doing now, and what "We" propose to do in the future.

No, the letter isn't meant for me. If I am not mistaken, "We" are writing to themselves, and therefore, without bothering myself further, I slide the letter into my wastepaper basket, and immediately dismiss it from my mind.

CHARLES DAY
President

JOHN E. ZIMMERMANN
Vice-President

CONRAD N. LAUER
Secretary and General Manager

NICHOLAS G. ROOSEVELT
Treasurer

Officers of Day & Zimmermann Inc., Philadelphia

Main Offices in Philadelphia. View from the Conference Room Looking into Mr. Day's Office

Scientific Engineering and Modern Development

In the rapid expansion of industry now taking place in the United States engineering skill of the highest type is being called for more than ever before. The scope of the problems met in supplying this, and the varied requirements it calls for are of practical concern to bankers as conservators of capital and monitors of enterprise.

On request, some of the most interesting phases of this subject have been described and illustrated below, through the courtesy of Messrs. Day & Zimmermann, the well-known Philadelphia engineers.—Editor BANKERS MAGAZINE.

FEW words are heard more frequently these days than "efficiency" and "preparedness." The rather sudden popularity these terms have acquired constitutes a danger of itself, for people are apt to get the impression that they represent some new and sovereign virtue to be readily assumed and perhaps as readily discarded when the special need for it no longer exists. But the contrary is true. As "heaven is not reached with a single bound," so individual and national efficiency and preparedness come slowly and only after careful examination of the objects sought to be attained and of the effectiveness of the means taken in reaching them.

If these limitations are carefully observed, the movements toward prepared

Hallway in Main Office

efficiency are not only wholly laudable, but in the long run certain to count in better service and preparation to meet industrial and other emergencies as they arise. We are in an era where growth and expansion must be provided for; and this provision, if it shall be economically productive, must embody definite aims and purposes and be carried out along purely scientific lines. And this truth applies equally in principle if not in extent to expansion of every kind, whether of railways, of public utilities like water power, gas and electric plants, or the construction of new buildings for ordinary manufacturing purposes.

There are two important phases connected with all such problems: adequate security for the capital invested and a fair return thereon, and efficient service at a reasonable cost. Whether capital is provided by the state or municipal government or by private subscriptions, and whether the enterprise be a public utility or an ordinary industrial plant, the factors named are in some way encountered, though they may present themselves in varied forms.

These main problems and all their multiform ramifications are subject to definite analysis and classification. They are not to be solved by guesswork, but are hardly less subject to clearly-fixed principles than are the main operations of mathematics

Preliminary to the launching of any enterprise involving a substantial expenditure, the banker and capitalist wish to know that its basic factors have been first subjected to the test of the

Part of the Draughting Room

trained engineer, and they insist that every stage of development and expansion shall rest upon carefully-ascertained facts and proceed upon definitely worked-out principles.

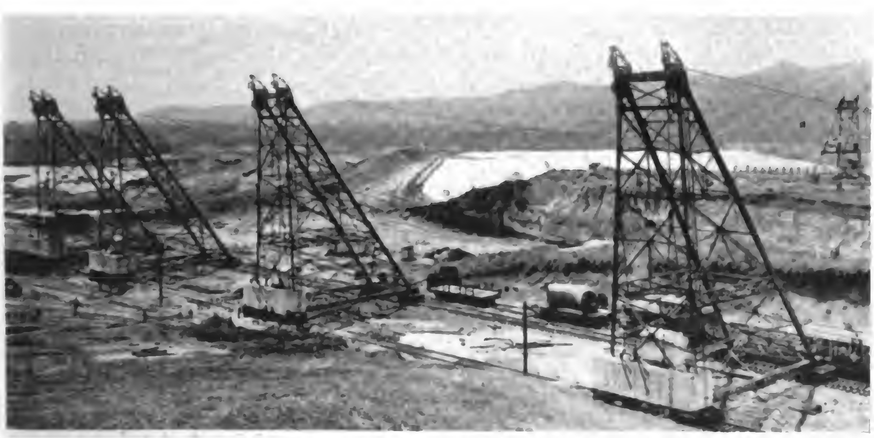
The important developments of modern construction and industry have come to rest upon a basis that makes for prepared efficiency, calling for the service of the trained engineering organization whose staff comprises the knowledge essential to handling each problem in its broadest aspects, combined with the expertness of the specialist.

Office of John E. Zimmermann

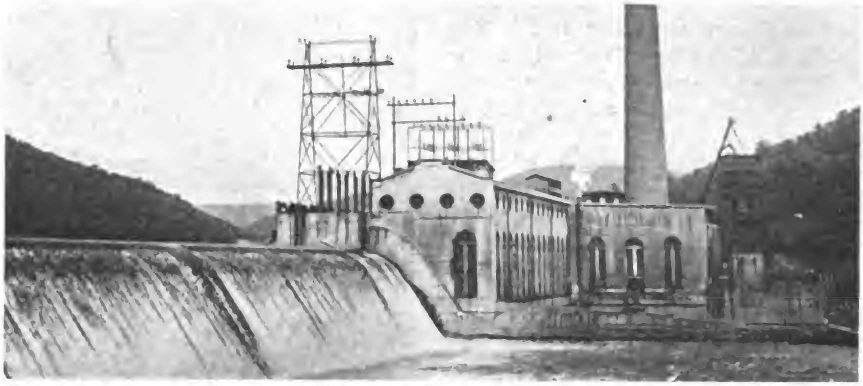
CHANGING METHODS

Methods of handling engineering problems have undergone rapid changes in recent years. The unprecedented increase in engineering knowledge has required the individual engineer to restrict his field of activity so that now he seldom attempts to do more than specialize within somewhat narrow lines. This is in marked contrast to the conditions at one time existing when, owing to the relatively small amount of knowledge available, it was possible for the individual to handle a wide variety of work.

In view of the phenomenal growth in the magnitude and complexity of industrial and public service projects, it is not surprising that the services of several kinds of engineers (mechanical, electrical, civil, etc.), and of architects are required frequently on a single operation. The confusion which resulted when such experts acted independently on the same work led naturally to the creation of engineering organizations which could assume responsibility for



Lidgerwood Cableways at Panama Canal, Erected by Day & Zimmermann



Warrior Ridge Plant of the Pennsylvania Hydro-Electric Co., Warrior Ridge, Pa.
Under Day & Zimmermann management

the entire service through the executive control exercised over their members.

Further, the former arbitrary division between design and construction has been rapidly disappearing through a more general appreciation of the interdependence of the two classes of service. An engineering organization cannot possibly render high-grade service unless its members include men with wide experience in construction work. Hence, there have come into being, during recent years, organizations which frequently take hold of projected developments at their inception, performing in successive steps:

1. Preliminary Service, as a result of which the merits of the enterprise are finally determined.

2. Supplementary Engineering Work, including complete plans, specifications and estimates.

3. Construction Work, for which the Construction Engineers assume direct responsibility irrespective of the division of the actual work between their own organization and outside contractors.

Plant for the New Process Gear Corporation
Syracuse, N. Y.

To carry out work along the lines indicated an organization was formed in Philadelphia in 1902 by men who had specialized upon modern factory facilities and administration. At first their work was confined principally to increasing the efficiency of existing manufacturing establishments. Such services frequently involved the selection of new equipment, the rearrangement of departments and changes in the physical property arising through the introduction of new methods of management. This work frequently had to do with the provision of increased facilities, so that the organization became well versed in the procedure that should be followed in laying out extensions or new plants. This necessitated consultation with architects and engineers who specialized upon the design of buildings and supervision of construction.

It soon became evident that divided responsibility was a detriment. The engineers who were thoroughly familiar with the manufacturing requirements should closely supervise the preparation of the building plans, a condition which could rarely be fulfilled when associated

Interior view, Warrior Ridge Power Plant, Pennsylvania Hydro-Electric Co., Showing Steam Turbo-generators (foreground) and Hydro-turbo-generators (rear).

with other engineers or architects. This requirement was largely responsible for the first step in the development of the organization, i. e., the addition of a department to handle the design and supervise the construction of buildings.

It was found that under certain circumstances the actual construction work could be handled most advantageously by the organization's own force, and to meet this demand the organization was further supplemented by the addition of engineers experienced in actual construction work, and competent to deal with the following problems:

First—Determining the general layout of departments, type of building construction, etc., which would permit of the greatest manufacturing efficiency.

Second—Preparing the detail plans and specifications and estimates of cost.

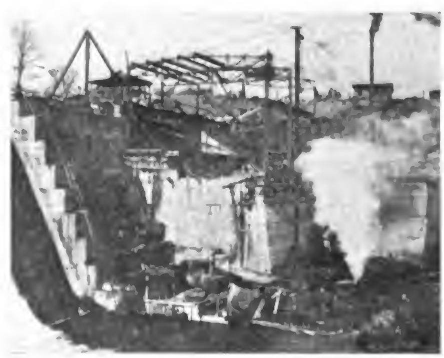
Third—Constructing the buildings and other facilities, either within the organization or through awarding the work to outside contractors, local conditions governing in this regard.

Fourth—Purchasing and installing the equipment and performing such other work as might be required to make the plant ready for operation.

The organization has therefore developed along logical lines, first becoming expert in the initial phase of any industrial problem and afterward gradually increasing the facilities to handle each successive step entering into the building of a complete manufacturing plant.

PUBLIC SERVICE PROPERTIES

Having perfected an organization competent to handle the wide diver-



Hydro-Electric Plant, Seneca Falls, N. Y. Now under construction

Williamsburgh Power Plant, Boiler Room, Showing Automatic Weighing Larry and Automatic Stokers

sity of engineering and construction work arising through the building of industrial plants, it was but logical that this service should be extended to embrace public service properties, owing to the basic similarity of the technical and practical problems presented by the respective businesses. Consequently, since 1908 there has been increased activity in public service work, the organization having been augmented so that it can handle properly the highly specialized problems pertaining to public utilities alone.

Engineering and construction work arising through the development of electric light and power, gas, water and street railway properties is handled in its entirety, the service embracing:

First—All necessary preliminary investigations.

Second—Preparation of complete plans and specifications and estimates of cost.

Third—Construction of all buildings, works and other facilities and installation of equipment either by the organization's own force or by outside contractors.

Fourth—Purchase, erection and test of all equipment, thus carrying the work through to the point where it can go into regular service.

Williamsburgh Power Plant Penn Central Power and Transmission Co., Williamsburgh, Pa. This company is under Day & Zimmermann management

INDUSTRIAL SERVICE

It is considered that the first division of this work, the preliminary service, is of the greatest importance, for no matter how well the detail plans may be prepared or the plant constructed, if the preliminary analyses have been inadequate, the plant may fail in its most essential purposes, i. e., meeting with the utmost efficiency the specific industrial requirements.

Ordinarily this service has devolved upon the owner entirely and has not been considered a part of the work of the architect or engineer. In any event, the owner through his organization must

Cincinnati Bickford Tool Co., Cincinnati, Ohio. (This building is so designed that material can be transferred from one crane to another, and carried to any point on three sides of the entire plant.)

furnish much of the data which forms the basis of the preliminary work.

In addition, however, to such records as pertain strictly to a given business, there should be available data relating to the practices and methods which have been evolved through a broad experience in the solution of industrial problems and which have been found to be common to a great diversity of industries. An organization has been developed which not only has at its command such records as have just been referred to, but is experienced in the proper analysis of the specific data furnished by the owner, and with the ability to take the initiative in the performance of the preliminary work to such extent as conditions require.

Not only are the immediate requirements taken into account, but also a plan for future growth, so that the construction undertaken will form an integral part of a comprehensive scheme of expansion. A few of the more important factors considered when determining the general layout of the plant and the characteristics of the building are the following:

Boundary lines, topography, etc., of property, and local conditions relative to transportation facilities, water and supply, sewage disposal, etc.

Amount and character of necessary manufacturing equipment and machinery.

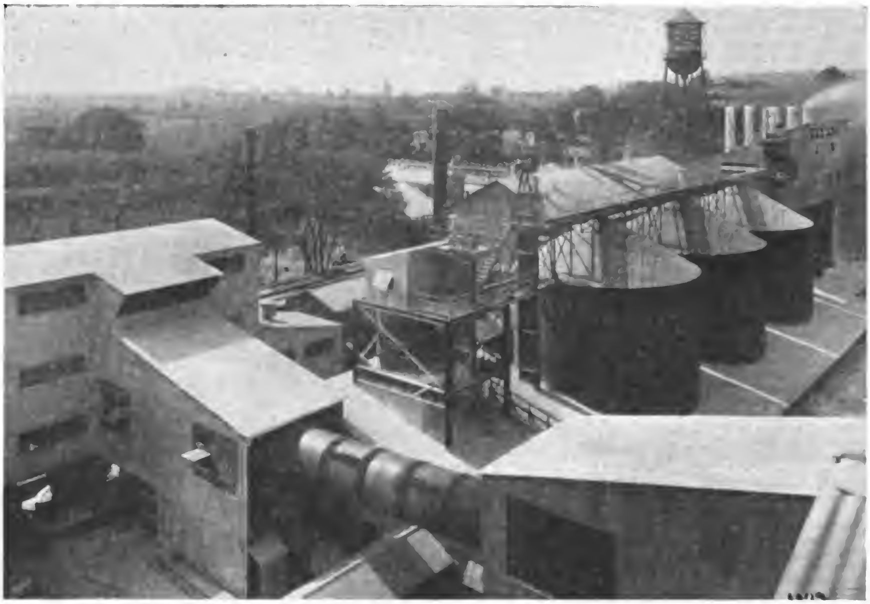
Requirements of process and assembly work.

Provisions necessary for storage of raw materials, partly finished and finished product.

Facilities required for handling materials during receipt, manufacture, assembly, storage and shipment.

Determination of types of buildings that will most economically house the various manufacturing departments, ac-

Plant of the Cincinnati Bickford Tool Co., Cincinnati, Ohio



Birdseye view—Plant of the Charles Warner Co., Cedar Hollow, Pa. (Manufacturers of Hydrated Lime)

commodate the necessary handling machinery, such as cranes, elevators, etc.

Determination of exact areas and the most advantageous grouping of departments in accordance with requirements of routing and other conditions heretofore referred to.

Ascertaining finally the size and character of the buildings needed, giving due consideration to the restrictions of the available real estate and railroad facilities.

Determination of necessary service facilities for employes and adequate provision for their safety, taking into account in this connection the requirements imposed by the locality in question.

Consideration of the fire hazard in each department in order to provide adequate fire prevention apparatus.

Analysis of power, heating and lighting requirements and consideration of the relative advantages of generated or purchased power.

The analysis outlined above frequently results in several alternate plans of procedure, which are fully discussed with the owner. As a result a procedure is agreed upon embodying the greatest number of advantages, which at the same time justifies the investment.

The final results of the preliminary service are evidenced by surveys, routing diagrams where practicable, outline drawings of all buildings in plan showing locations of departments, and cross-section drawings indicating types of construction recommended. All other data necessary in connection with the preparation of detail plans and specifications, as well as estimates of cost, are made a matter of record.

SCOPE OF PUBLIC SERVICE WORK

The organization under review operates in their entirety a number of public service properties and handles the engineering and construction work arising through the development of electric light and power, gas and traction properties, in addition to the other classes of enterprises already mentioned.

As the management department is dealing constantly with the innumerable operating requirements of public utilities, the engineering and construction

departments receive the benefit of its knowledge and experience, particularly in the solution of the problems encountered in the service in the utility field which corresponds to what has been termed "preliminary service" in industrial work.

Furthermore, the report department is of great value in coöperating with the departments mentioned in the foregoing paragraph, as it is familiar with widely different conditions presented by the variety of properties investigated.

ILLUSTRATION OF WORK DONE

Some examples of the many kinds of engineering work done by this organization are herewith reproduced. They range in character from "enterprises of great pith and moment" through various degrees of importance, down to an industrial plant of modest proportions. Each illustrates some phase of the many important problems with which modern engineering science is confronted. The skill with which they have been handled establishes a basis for confidence in the future of American constructive enterprise whenever it calls into its service the expert knowledge and training which such organizations as that herein described stand ready to furnish.

Offices of the Penn Central Light & Power Co., at Altoona, Pa. This company is under Day & Zimmermann management

Thrift and the Banker

By W. H. Kniffin, Jr.

THRIFT is a wonderfully broad subject—as broad as human life and as interesting as it is broad. It concerns all we are, all we have, all we hope to be, and all we hope to get. It is the problem of life.

To the average man the word "thrift" is meaningless. It smacks of saving money and of frequent trips to the savings bank. But that is a narrow thrift, and it may not be thrift at all. The thrift I would talk about to-day is a broader thrift—the thrift that earns largely and spends wisely; the manner of living that results in bank accounts and a peaceful old age as a natural sequence to a well-ordered life; the course of conduct that makes for independence and not dependence.

The thrift we need to encourage is not the thrift of the gambling table, that would get rich quick and perhaps lose all, but the thrift of New England, that builds its structure carefully, brick by brick, on a solid foundation and holds fast to what it gets, for that is the only thrift that endures.

Banking and Financial Notes

EASTERN STATES

New York City

—The Metropolitan Trust Company of New York on January 8 opened its new offices at 60 Wall street. An illustrated article describing the new quarters appears in this number of The Bankers Magazine.

—The annual elections of national banks in New York city showed comparatively few changes since vacancies in the various boards due to the Clayton Act had previously been filled. The changes that were made are as follows:

NATIONAL CITY BANK—Earl D. Babst, president of the American Sugar Refining Company, was elected a director. John H. Fulton of New Orleans was made a vice-president. George E. Gregory, for several years cashier, was promoted to a vice-presidency, and Thomas A. Reynolds was made cashier to succeed him. Andrew Mills, Jr., formerly in the bond department, was made an assistant cashier; Edward P. Currier, for several years secretary to Mr. Vanderlip, was appointed assistant to the president.

NATIONAL BANK OF COMMERCE—Charles E. Dunlap of the Berwind-White Coal Mining Company was added to the board.

CHASE NATIONAL—Henry B. Endicott of Endicott, Johnson & Co., Boston, and Edward T. Nichols, vice-president of the Great Northern Railway, were added to the board of directors. The board elected Gerhard M. Dahl, formerly vice-president of the Electric Bond and Share Company, a vice-president of the bank, and S. F. Telleen, Robert I. Barr and S. S. Shaw as assistant cashiers.

FIRST NATIONAL—John R. Morron, president of the Atlas Portland Cement Company, was added to the board of directors, making the number twelve, and to the board of the First Security Company, making sixteen.

SECOND NATIONAL BANK—F. Colt Johnson of J. H. Lane & Co., and Thomas A. Howell of B. H. Howell, Son & Co., were elected directors.

MECHANICS AND METALS NATIONAL BANK—William E. S. Griswold was made a director.

NATIONAL CITY COMPANY—C. S. Wall was elected secretary, succeeding Thomas A. Reynolds.

CHATHAM AND PHENIX NATIONAL—John J. Raskob, treasurer of the du Pont Powder Company, was added to the board.

MARKET AND FULTON NATIONAL—William B. Franklin and Frank C. Jennings were added to the board.

NATIONAL PARK—John Jay Pierpont and Lewis Cass Ledyard, Jr., were added to the board.

NEW YORK COUNTY NATIONAL—Frank R. Leland and George L. Shearer elected and Dr. T. M. Cheesman retired.

COAL AND IRON NATIONAL—John F. Bermingham, president of the Delaware, Lackawanna and Western Coal Company;

William M. Hager, and Stanley P. Jadwin elected directors to succeed E. E. Loomis, W. H. Woodin, and Samuel Weil, who retired.

SHERMAN NATIONAL—James M. Dixon of the Tobacco Products Company, was added to the board, and W. Eltington was elected a vice-president.

UNION EXCHANGE NATIONAL—Louis J. Robertson succeeded Albert H. Wiggin as director.

HARRIMAN NATIONAL—Francis G. Lloyd, president of Brooks Brothers; William Bayne, Jr., coffee merchant, and Charles Thorley were added to the board.

GARFIELD NATIONAL—Joseph H. Emery and William N. McIlravy were added to the board.

LINCOLN NATIONAL—William S. Hawk and Edward W. Brown were added to the board and Henry C. Phipps retired.

GOTHAM NATIONAL—Thomas C. Fry elected vice-president and director, succeeding Frederick Fowler.

BROADWAY CENTRAL—Charles B. Toole of Toole, Henry & Co., was elected a director, succeeding David W. Armstrong, Jr., who has resigned. Francis Crave was elected vice-president and cashier.

LIBERTY NATIONAL—R. H. Dunham and Charles D. Hilles were elected directors, succeeding Thomas Cochran and Newcomb Carlton.

BATTERY PARK NATIONAL—Frank A. Dillingham was added to the board.

INTERNATIONAL BANK—The following directors were elected: Guy Cary, R. L. Farnham, John E. Gardin, E. W. Harden, L. M. Jacobs, Arthur Kavanagh, W. S. Kies, and Willard Straight. Lawrence M. Jacobs was elected president and William Reed a vice-president.

The following national banks re-elected their directors: The Chemical, the Irving, the Importers & Traders, Citizens Central, Atlantic National, the Fifth National, the Butchers & Drovers, the East River, and the Bronx National.

—The capital stock of the Equitable Trust Company is being increased from $3,000,000 to $6,000,000. The new stock, of $100 par value, is to be offered to present shareholders at $150 a share cash, thus bringing about an increase of $1,500,000 in the surplus account in addition to the $3,000,000 increase in the capital. It was said by an officer of the trust company that with the increased capital and surplus the institution expected to enlarge its business, and that it was hoped that under the new conditions the bank would be able to pay about 20 per cent. a year in dividends. This rate on a capital of $6,000,000 is equivalent to forty per cent. on the present capitalization. During the last year the bank paid twenty-four per cent. in regular and six per cent. in extra dividends.

—At a special meeting of the Farmers Loan and Trust Company the stockholders unanimously voted to reduce the number of shares of capital stock of the company from 40,000 of a par value of $25 each to 10,000 of a par value of $100 each. It is expected that soon the stockholders will give their approval to an increase of capitalization from $1,000,000 to $5,000,000.

—The first dividend to be declared by the New York Reserve Bank was paid December 30, 1916. The dividend was at the rate of six per cent. and

covered a period of only five months.

Under the provisions of the Federal Reserve Act the dividends are cumulative, and they are limited to six per cent. per annum. Earnings in excess of six per cent. go into the United States Treasury, except that one-half of the excess earnings is paid into a surplus fund until it amounts to forty per cent. of the paid-in capital stock of the Federal Reserve Bank.

—The Harriman National Bank has increased its capital stock from $500,000 to $1,000,000. The shareholders of record January 9, 1917, are entitled to subscribe to the extent of their holdings, pro rata, at par or $100 a share.

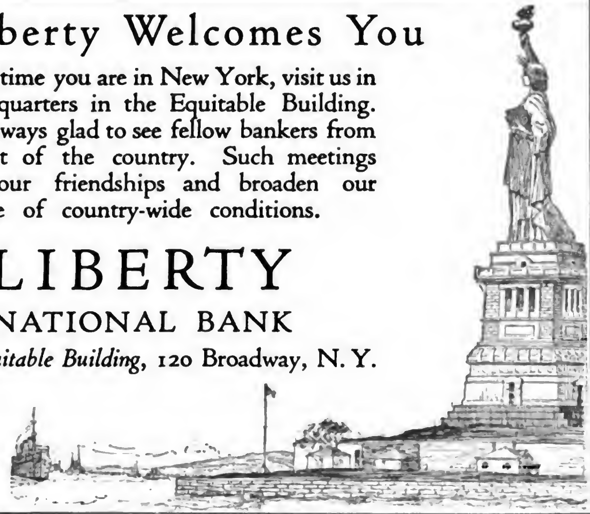
—Harry W. Donovan, who has been associated with the Bankers Trust Company since its organization, has been elected assistant cashier of the Seaboard National Bank.

—Stuart G. Nelson retired as president of the Seaboard National Bank on January 1, but is to remain on the board of directors.

—The last statement of the American Exchange National Bank shows total resources of $132,284,541.45 and deposits of $111,337,728.34. The capital stock of this bank is $5,000,000 and the surplus and undivided profts $5,281,065.60.

—Attention has frequently been called to the remarkable growth within the last two years of several of the leading banks and trust companies, but always considered from the point of view of deposits. Bankers Trust Company, which probably does as much strictly trust company business as any other trust company in New York, has during the past year enjoyed a truly remarkable expansion of trust business. The company, it is reported, has or is about to become trustee of a series of important railway mortgages providing for the issue of bonds for principal amount of $1,195,000,000. Such bond issues include the proposed new Southern Railway and Erie Railroad mortgages of $500,000,000 each, one of the Frisco new mortgages of $75,000,000, one of the new mortgages of Missouri Pacific, and of Pere Marquette for $75,000,000. The company also enjoys an important office in connection with the four and one-half per cent. Anglo-French bonds into which the $500,000,000 of five per cent. notes are convertible. The total authorized bond issues for which the Bankers Trust Company now acts as trustee aggregate the enormous total of about $6,000,000,000.

—The Guaranty Trust Company of New York has just been appointed one of the official foreign depositories of the Chilean Government. There are only two other financial institutions that have this special privilege—the Bank of England and N. M. Rothschild & Sons of London. These depositories are all under the direct supervision of the Caja de Emision, the department which con-



trols the issue of Chilean legal tender against coin deposited abroad.

—Hugh R. Johnston was appointed an assistant secretary of the Guaranty Trust Company of New York on Tuesday, January 2. He has been with that institution since 1911. He is 34 years old and lives in Rutherford, N. J.

—The Bankers Trust Company is distributing to its customers a condensed Tax Calendar for 1917. This booklet gives the dates when various New York State real estate, water and personal property tax payments must be made, with information regarding assessments and places of payment.

—The Hanover National Bank, New York, at the beginning of 1917 showed total resources of $197,585,131.17, deposits of $174,344,607.84, and a surplus fund of $14,000,000. The bank has a paid-in capital stock of $3,000,000.

—G. Jarvis Geer, Jr., who on December 26 was appointed an assistant treasurer of the Guaranty Trust Company of New York, has been connected with that institution since last June.

He was born in Summit, N. J., January 12, 1876. His preliminary education was at St. John's Military School, Ossining, N. Y. He entered Princeton University in 1893, and was graduated

G. JARVIS GEER, Jr.
Assistant Treasurer Guaranty Trust Company, New York

in the class of 1897, in which year he went with the National Tube Works, McKeesport, Pa. Later he became interested in bituminous coal properties in

Pennsylvania and spent some time in Philadelphia, Boston and New York.

—Arthur W. Snow, formerly cashier, has been elected second vice-president of the Garfield National Bank to succeed William L. Douglass, who has retired from active business. Mr. Snow first entered the employ of the Garfield National Bank as a clerk seventeen years ago. In 1901 he was appointed assistant cashier and for the past few years has been cashier. Although now a vice-president, Mr. Snow will continue his duties as cashier.

A. W. SNOW
Vice-President Garfield National Bank, New York

—Harold S. Schultz, who was secretary of New York Chapter, Inc., of the American Institute of Banking, for about five years, and who resigned that office to become a member of the law firm of Alexander, Maresi & Schultz, has again entered the banking business. On January 2, 1917, Mr. Schultz became associated with the firm of Swartwout & Appenzellar, bankers, at 44 Pine street, where he will assist in the handling of reorganizations in which this firm is interested.

—The Garfield National Bank has made a contract with the Travelers' Insurance Company of Hartford by which that company provides insurance, on the group plan, on each employe of the bank. The face value of each individual certificate is equal to the annual salary of the employe, with a minimum of $500 and a maximum of $3,000. The initial coverage includes about sixty risks for $65,000 of insurance.

—During the year 1916 there were deposited in and withdrawn from the vault of the Bankers Trust Company securities of the par value of $98,850,000,000. Securities are taken in by the various departments, at which time they are examined and counted by the receiving clerk. An official receipt is is-

sued to the depositors, and the securities are deposited in the vault and withdrawn under proper safeguards as required. The vault is in charge of a vault officer and his assistants, and each day's work is carefully audited. While the volume of these securities is so great, each particular bond or stock certificate is filed in such a systematic manner that it can be located and withdrawn without delay.

—E. G. McWilliam, manager of the publicity and new business department of the Security Trust and Savings Bank of Los Angeles and president of the American Institute of Banking, will shortly become associated with the Guaranty Trust Company of New York as an assistant to vice-president Stetson, in the banks and bankers division of the company.

E. G. McWILLIAM
Banks and Bankers Division Guaranty Trust Company
New York

Mr. McWilliam is a New Yorker by birth, is a graduate of Pratt Institute, and a graduate of the American Institute of Banking. He has been in the banking business since 1896. For three years he was secretary of the savings bank section of the American Bankers Association, and for the past two years has been associated with the Security Trust and Savings Bank of Los Angeles.

Mr. McWilliam has been identified with the American Institute of Banking for a number of years, has served as president of New York Chapter, and at the annual convention of the Institute at Cincinnati last year he was unanimously elected president of the national organization.

Mr. McWilliam will assume his new duties with the Guaranty Trust Company of New York about March 1.

—Lewis E. Pierson, chairman of the Irving National Bank, in his report to stockholders, stated that net profits in 1916 were $755,692, and that the year has been one of the most successful in the bank's history. The fourth quarter's dividend was at an annual rate of ten per cent.

"The year's increase in new business has not only been the largest in the history of the bank," said Mr. Pierson, "but of very substantial character. The operations of the foreign department have been very gratifying; new fields have been entered and dollar exchange developed with substantial results.

"Two specialized consulting departments have been developed—one to furnish information regarding investment securities and to direct those seeking channels for financing or refinancing—the other to render assistance in connection with foreign trade problems."

—The profit and loss account of the Federal Reserve Bank of New York for the year 1916 follows:

Gross earnings year 1916		$983,609.22
Expenses year 1916		557,420.21
Net earnings year 1916		426,189.01
Items charged off at close of year:		
Deficit from year 1915	$111.22	
Organization expenses	72,289.96	
Furniture and equipment	63,442.17	
Premium on U. S. bonds and notes bought and miscellaneous items	168.67	136,012.02
Net earnings after deductions		290,176.99
Dividend Nov. 2, 1914, to March 31, 1915, paid Dec. 30, 1916		127,113.01
Profit and loss, January 1, 1917, credit balance		$163,063.98

STATEMENT OF THE CONDITION OF THE FEDERAL RESERVE BANK OF NEW YORK AT CLOSE OF BUSINESS DECEMBER 30, 1916.

RESOURCES

Loans and Discounts:		
Bills discounted for member banks	$7,071,158.55	
Acceptances purchased	41,457,184.04	
Municipal warrants	972,311.62	
United States bonds	1,042,550.00	
United States 1 year Treasury notes	1,205,000.00	$51,748,204.21
Reserve Cash:		
Gold coin and certificates	159,321,257.50	
Gold Settlement Fund	20,570,000.00	
Gold Redemption Fund for Federal Reserve Notes	250,000.00	
Legal tender notes	11,188,200.00	
Silver certificates and coin	4,077,274.80	195,406,732.30
Other Resources:		
Federal Reserve notes and other cash on hand	13,865,897.46	
Items in process of collection	23,077,418.64	
Exchanges for Clearing-House and cash items	2,503,168.21	
Interest accrued on United States bonds	12,501.88	
Cost of unissued Federal Reserve notes	235,598.86	
Expenses paid in advance, etc.	8,753.52	39,703,338.57
Total Resources		$286,858,275.08

LIABILITIES

Capital Fund:		
Capital paid in	$11,865,750.00	
Profit andloss	163,063.98	$12,028,813.98
Deposits:		
Due to United States Government	3,571,391.94	
Due to member banks—reserve balances	237,907,354.87	
Due to member banks—uncollected funds	18,552,984.84	
Due to other Federal reserve banks—collected funds	12,373,721.91	
Due to other Federal reserve banks—uncollected funds	2,085,975.49	
Cashier's checks outstanding	188,275.81	274,679,704.86
Other Liabilities:		
Unearned discount		149,756.24
Total Liabilities		$286,858,275.08

Gold with Federal Reserve agent to reduce liability on outstanding Federal Reserve notes (not included in reserve cash above) $107,003,765.00

Net deposits	$249,099,118.01
Reserve required 35%	87,184,691.30
Reserve carried 78.4%	195,406,732.30

—Stockholders of the Metropolitan Trust Company, at the annual meeting, elected Raymond T. Marshall of the firm of Willcox, Peck & Hughes, to fill a vacancy in the board created recently by the retirement under the provisions of the Clayton Law, of William G. Willcox.

At a subsequent meeting of the directors of the company, John F. Cissel, formerly Comptroller, and Maxwell H. Bochow, special credit representative, were appointed assistant treasurers. Following their election a dinner was given in their honor by the employees of the company. Editor Norman Mason of the "Mettco Meteor" presided as toastmaster.

—Banking houses and trust companies will be interested in the announcement that a course in banking practice is being offered by the Wall street division of New York University, which began its second term on the week of January 29.

The course is conducted by W. H. Kniffin, Jr., who is well known as a student of banking affairs, and whose recent publication, "The Practical Work of a Bank," is considered by bankers to be the best and most authoritative book on this important subject. The course opened on January 31, and will extend over fifteen weeks, lectures being given each Wednesday from 5 p. m. to 6:45 p. m. Inquiries should be addressed to A. W. Taylor, director, 519 Broad Exchange building.

—Notice of intention to organize the Scandinavian Trust Company of New York City has been filed with State Superintendent of Banks Eugene Lamb Richards. The company proposes to have a capital of $1,000,000 and a surplus of $1,500,000. The special purpose of the organization of this trust company is to facilitate financial transactions in aid of trade and commerce between the United States and Scandinavian countries, especially Norway. Leading foreign bankers who, it is announced, are "in sympathy with the

Norwegian Government," are interested in the proposed new trust company. The incorporators include John E. Berwind, Samuel L. Fuller, Edwin O. Halter and E. A. Cappelan Smith, of New York city; William R. Coe, Oyster Bay; Edward F. Geer, Westhampton Beach, Long Island, and Frederick W. Hvoslef, of Brooklyn.

—Frank K. Satterlee has been elected president of the Franklin Savings Bank of this city, to succeed William G. Conklin, resigned. Mr. Satterlee heretofore has been treasurer of the institution. Henry J. Cochran, vice-president of the Astor Trust Company, has been elected as a trustee. Other officers were chosen as follows: John I. Downey, first vice-president; William H. Van Kleeck, second vice-president; T. Frank Manville, treasurer; Harry W. Nordell, controller; Walter B. Brown, secretary, and Henry B. Archele, assistant secretary. The Franklin Savings Bank was chartered in 1859 and has assets of nearly $28,500,000. Deposits total over $26,000,000.

—Gerhard M. Dahl, formerly vice-president of the Electric Bond & Share Company, has been elected a vice-president of the Chase National Bank. S. Frederick Telleen, Robert I. Barr and Sewall S. Shaw, for many years in the employ of the bank, were appointed assistant cashiers.

—Knauth, Nachod & Kuhne, international bankers of New York, are issuing a very interesting booklet entitled "The Record Year of American Finance." This is a story of the developments of a remarkable twelve months and of some of the changes in trade and finance. It contains an interesting discussion of the new financing and foreign loans, and tells of the picturesque ending of a unique year.

—Alexander Gilbert, for many years president of the Market and Fulton National Bank, former president of the

ALEXANDER GILBERT
Chairman of the Board, Market & Fulton Nationa Bank, New York

New York Clearing House Association, and a well-known authority on banking, has retired from the presidency of the bank and will hereafter serve as chairman of the board. Mr. Gilbert's succes-

ALBERT D. BERRY
Assistant Cashier Market & Fulton National Bank, New York

sor as president of the bank is Robert A. Parker, heretofore vice-president. Albert D. Berry has been appointed assistant cashier.

—The Broadway Trust Company has issued in pamphlet form a par list and rates of exchange as adopted by the New York Clearing House Association, effective January 1, 1917.

—William E. Lake has been appointed an assistant cashier of the Mechanics and Metals National Bank. For a number of years Mr. Lake was credit manager of this bank.

—Theodore E. Burton, former United States Senator from Ohio, has

been elected president of the Merchants National Bank, to succeed Robert M. Galloway. Owen Paynter, formerly assistant cashier, was elected cashier, to succeed Joseph Byrne. These changes in the management of the bank were brought about by interests represented by George Coffing Warner, who started out several months ago to solicit proxies enough to control the annual meeting of stockholders.

In addition to the election of a new board of directors representing widely diversified business activities, the interests in control of the meeting introduced a new feature in the administration of a large metropolitan bank by the appointment of an advisory council, the members of which are George C. Van Tuyl, Jr., president of the Metropolitan Trust Company, New York, chairman; Joseph W. Harriman; Dean Sage, of Zabriskie, Murray, Sage & Kerr; Anthony R. Kuser, of Newark; Frank G. Crowell, of the Hall-Baker Grain Company, Kansas City, Mo., and Waldo Newcomer, president of the National Exchange Bank of Baltimore.

Directors were elected as follows: Theodore E. Burton, Walter S. Eddy, C. K. Eddy & Sons, Saginaw, Mich.; Eberhard Faber, manufacturer; Raymond E. Jones, New York, agent Royal Bank of Canada; Arthur G. Meyer, Arthur G. Meyer & Co., drygoods commission; William F. Neu, treasurer Steel Rail Supply Company; Charles E. Potts, president and treasurer J. B. Locke & Potts, linens; W. Ross Proctor, New York; Robert Hamilton Rucker, New York; Carl F. Sturhahn, United States agent Rossia Insurance Company; William F. Wall, president Wall Rope Works; F. S. Whitten, Laird & Co., Wilmington, Del.

Frank L. Hilton, George S. Talbot and Irving S. Gregory were elected assistant cashiers.

The Merchants National Bank was founded in 1803, and is the third oldest bank in New York. Its articles of incorporation were drawn up by Alexander Hamilton. It has a capital of $2,000,000 and a surplus of $2,000,000. Deposits as of December 27, 1916, were $23,379,275.

Mr. Burton, the new president, served in Congress twenty-two years and held membership in many important committees and commissions, including the Interparliamentary Union, the National Monetary Commission and the Committee on Foreign Relations. He is a graduate of Oberlin Colege, a member of the Ohio bar and an authority on economic questions of both public and corporate interest. He has been a close student of finance and is the author of a number of works, including "Financial Crises and Periods of Industrial and Commercial Depression," "Corporations and the State" and "The Life of John Sherman." Following the resignation of Mr. Galloway and Mr. Byrne, the Hanover National Bank announced that they will be connected with that institution, the former as a director and the latter as a vice-president and director.

[A portrait of Mr. Burton appears as the frontispiece to this number of The Bankers Magazine.]

—Joseph Byrne, formerly vice-president of the Merchants National Bank, has been elected a vice-president of the Hanover National Bank. Mr. Byrne began his banking career with the National Bank of Commerce, where he served for twenty-four years, retiring from that bank to become associated with the Merchants. In 1907 he was made cashier of the latter institution and in 1913 was made a vice-president.

JOSEPH BYRNE
Vice-President Hanover National Bank, New York

Robert M. Galloway, formerly president of the Merchants, has been made a director of the Hanover National Bank. Mr. Galloway is also a director in a number of important railroads and corporations. He is a graduate of Yale in the class of 1858.

Edward Holbrook, a former vice-president of the Merchants, has also been elected a director of the Hanover National Bank. Mr. Holbrook is president of the Gorham Manufacturing Company and a director in a number of other important institutions.

—At the annual meeting of the stockholders of the Guaranty Trust Company January 17, the following retiring directors were reëlected for three years: Edward J. Berwind, George J. Gould, Albert H. Harris, Augustus D. Juilliard, Thomas W. Lamont, William C. Lane, Charles A. Peabody and Daniel G. Reid. At the annual meeting of the board of directors held, on the same day, all officers of the company were reëlected.

—Brevoort & Higgins is the style of a new investment firm at 120 Broadway. William Henry Brevoort, Jr., and Edgar G. Higgins are the members.

—Readers of THE BANKERS MAGAZINE will be interested in learning that T. D. MacGregor, for a number of

T. D. MacGREGOR
Vice-President, Edwin Bird Wilson, Inc., New York

years editor of the Banking Publicity Department of this publication, has recently joined the financial advertising agency of Edwin Bird Wilson, Inc., 14 Wall street, New York. He had for some time been connected with the department of publicity and new business of the Guaranty Trust Company of New York.

Mr. MacGregor is the author of several well-known books on financial advertising, "Pushing Your Business," "2000 Points for Financial Advertising," "Bank Advertising Plans," and "The Book of Thrift." The last mentioned consists of a series of "Talks on Thrift" prepared for the savings bank section of the American Bankers Association. Mr. MacGregor wrote these weekly talks for three years.

In his ten years' experience in financial advertising Mr. MacGregor has served a large number of banking institutions in conection with their advertising problems—from small country banks to the largest trust company in the world.

E. B. Wilson, president of the agency, is known to bankers throughout the United States from his remarkable ad-

vertising for the Bankers Trust Company of New York, and "A. B. A." Cheques. The agency continues to prepare and place the advertising for these two accounts, as well as for a number of other financial institutions throughout the country.

Philadelphia

—The January "Chaptergram," the monthly publication of the Philadelphia Chapter of the American Institute of Banking, reports good progress and interest in debate, public speaking and other activities. The "Chaptergram" anticipates the work of this year in the following words:

We have accomplished many things during the past calendar year, of which we are justly proud, and I am sure we all hope 1917 will bring even greater success to the Chapter and its members.

That the members are benefiting by their coöperative work and study is every day becoming more apparent by the ever increasing number of Institute men receiving recognition in their respective institutions. We are doing good work in helping each other, and for this reason alone we are bound to gain a full measure of success.

The problems and opportunities before the Chapter men to-day are greater than ever before, and it behooves each of us to put his shoulder to the wheel and not only study harder and more but to apply to a greater degree the knowledge acquired. Let us see that every new member becomes acquainted with the work of the Institute and the opportunities it offers.

—Charles S. Calwell, president of the Corn Exchange National Bank, predicted a glowing future for American finance and trade at the anual banquet given the clerks of the bank by the board of directors at the Down Town Club last month. It was the fifty-eighth annual event of the kind, and in addition to the address by President Calwell, addresses were made by Rev. Dr. Carl E. Grammer, rector of St. Stephen's Protestant Episcopal Church; Professor L. E. McGinnes, superintendent of schools, Steelton, and E. J. Cattell, city statistician.

A moving picture show of the busy

scenes in the bank during rush hours was part of the program, and it was announced that the same pictures would be given at the Academy of Music to 3,000 invited guests of the institution on February 7. The surprise of the show to the officers, directors and clerks of the institution was that the operator had dug up the pictures of the principal officers when they were babies or very young and exhibited them side by side with the up-to-date photographs.

C. S. CALWELL
President Corn Exchange National Bank, Philadelphia, Pa.

"Business is religion," Dr. Grammer informed the young men and women. "The bank is not the great steel vaults. The bank is the spiritual and religious sense of fidelity and loyalty of your service to the community. Safes would be nothing if the community could not bank on your honesty. Such occasions as this emphasize the spiritual and religious nature of your organization. Every business organization, if it is to endure, if it is to deserve to live, must have the invisible chain of religious obligation that is stronger than chains of steel or gold."

Dr. McGinnes talked of "The Boy of Today and the Citizen of Tomorrow," and Mr. Cattell entertained the company with anecdotes referring to the early days when he was a clerk in the bank.

—The Colonial Trust Company is putting up at the corner of Thirteenth and Market streets a handsome, modern combination bank and office building, which will be ready for occupancy about June 1. The trust company will occupy parts of the first and mezzanine

Combination Bank and Office Building which the Colonial Trust Company of Philadelphia Will Erect at the Corner of 13th and Market Streets. It Will Be Ready About June 1, 1917

floors, space also being provided for retail stores on both of these floors. The floors above will be given over to offices. The location of this building on one of Philadelphia's busiest corners will make it ideal for retail stores and highly convenient for offices.

—The "Annual Financial Review," issued by the Franklin National Bank, contained an excellent summary of the country's economic situation during the past year. Here are some of the views expressed as to the future of American commerce:

"That we have in a measure neglected our opportunities for trade development with the neutral nations of the world is to be regretted, but the opportunities are still there and if the rosy glow of quick orders and large profits from belligerent countries does not dazzle our eyes completely, a strong movement will be made during 1917 for the upbuilding of our trade with those nations not engaged in the European struggle and particularly with the countries on this hemisphere.

"The vital thing, however, is for the American manufacturer to recapture his own home trade. The fact that we have imported 2,359 million dollars worth of merchandise for the year ending with November, 1916, compared with only 1,721 million dollars for the preceding twelve months shows that our imports are gaining as well as our exports. Quite recently European firms have underbid American firms on our own government contracts. Should we be able to increase our exports to North and South American countries and decrease our imports from Europe during the year, our position in the world's commerce will be greatly strengthened."

—William S. Evans, who has been admitted as a member of the firm of Henry & West, has been connected with this company for several years and has long been active in the bond business. The house with which Mr. Evans is connected is one of the largest distributors of bonds in Philadelphia and enjoys an excellent reputation.

Mr. Evans is a well-known member of Philadelphia Chapter of the American Institute of Banking. After serving with success and distinction in various capacities, especially as a member of the executive council for several years, he was unanimously elected president of the Institute at the Dallas convention in 1914. In Philadelphia Chapter he served for several years on the board of governors, was chairman of practically every important committee at one time or another, and has served a term as vice-president and again as president.

—The Penn National Bank is leading a fight to preserve the site at Seventh and Market streets where once stood the building in which Thomas Jefferson drafted the Declaration of Independence. The site is imperilled by a plan which has been put forward to widen Seventh street by the demolition of buildings along its west side.

M. G. Baker, vice-president of the bank, has sent the following letter to the patriotic societies of Philadelphia:

"Agitation having begun to alter arrangements of the comprehensive plans committee by suggesting the widening of Seventh street instead of Eighth, the Penn National Bank, on the southwest corner of Seventh and Market streets, protests strongly against widening of the former thoroughfare, if such plans would absorb so historic a spot made sacred by the paper upon which our liberty is founded.

"On the site occupied by the Penn National Bank Thomas Jefferson lived and drafted the Declaration of Independence, a paper in importance exceeded by no other in the history of our country. This ground is consecrated and should be held in patriotic reverence by every American.

"The widening of Seventh street on the east side or Eighth street, as originally contemplated, has many advantages, or Sixth street on the west side would not only connect Washington and Franklin Squares, but also link Independence Square, thereby connecting three of our public squares by one thoroughfare. Seventh street, which turns abruptly at Walnut, could be diverted directly through Washington Square, if it is desirable that the street run north and south in a perfectly straight line. Widening of the east side would also open up a better and clearer view from Franklin to Washington Square, which no more could be accomplished by widening the west side.

"No better or handsomer monument could memorialize the Declaration site than the building of the Penn National Bank, which is of a public character, and recognizes the historic ground upon which it stands by a bronze tablet (five by five feet) on its outside wall.

"We take the liberty of appealing to the Pennsylvania Society Sons of Revolution and the Society of Colonial Wars in the Commonwealth of Pennsylvania for their assistance in preserving the landmark and preventing its ignoble fate in becoming the part of a roadway. It is a matter of national interest and importance, not local, and to destroy this historic site, to beautify itself, appears selfish on the part of the city of Philadelphia.

"The bank's interest in endeavoring to prevent a national sacrilege in having the site lost in a roadway is purely sentimental," Mr. Baker said in an interview. "It is without thought of the greater commercial possibilities that would probably come from the widening of Seventh street. As in the past, the bank will always make every effort to perpetuate historic interest in the birthplace of the Declaration of Independence and Thomas Jefferson, its author."

Pittsburgh

—It is announced that the People's Savings Bank and the Safe Deposit and Trust Company will soon be merged under the name of the People's Savings and Trust Company. The Safe Deposit and Trust Company owns the stock of the People's Savings Bank as well as that of the People's National Bank. The People's National Bank will, however, continue to operate separately. The People's Savings Bank now has a capital and surplus of $2,000,000.

—Some slowing down in industrial activities for the month of December is reported by the People's National Bank of Pittsburgh, Pa. This was due entirely to the difficulty in obtaining adequate supplies of material, especially fuel, and to the delay in forwarding shipments of finished material, because of freight congestion and embargoes on railroads. In the steel line the bank reports that owing to the conditions of supply and demand, manufacturers have been in a position not only to name their own prices, but to dictate the terms of specification and delivery, and existing contracts have been drawn with greater regard for legal enforcement than ever.

—Owing to increased business and thus cramped for larger quarters, the

Third National Bank of Pittsburgh moved recently to the first floor of the Henry Oliver building. This bank was organized in 1863 and the charter number still is 291. The officers of the bank are: William McK. Reed, president; A. R. Hamilton and C. F. McCoombs, vice-presidents; C. M. Gerwig, cashier; Austin C. Pitcairn, assistant cashier.

—The Oneida County Trust Company of Utica, N. Y., opened its new home for business December 1, 1916. The company is located in the building formerly occupied by the Second National Bank, 73-75 Genesee street.

The Oneida County Trust Company began business May 8, 1916. Its officers are Charles B. Rogers, president; Frank R. Winant, vice-president and treasurer; D. Clinton Murray, vice-president; James W. Lamb, auditor.

—The Bankers Trust Company, Buffalo, N. Y., a state bank, has absorbed the Central National Bank of Buffalo, capital $1,000,000.

—The trust companies of New York State had total resources of $2,744,317,081 on November 29 last, the date of the last call issued by State Superintendent of Banks Eugene Lamb Richards. On September 20, the date of the previous call, the resources were $2,626,431,407, an increase from September to November of $117,885,674. During the same period the deposits increased from $2,241,832,017 to $2,325,375,624, a gain of $83,543,607. The surplus of these institutions increased during the same period over $7,000,000.

The seventy-six private bankers under the supervision of the New York State Banking Department increased their resources from $16,077,577 on September 20 to $16,070,993 on November 29, a gain of $993,416, while deposits increased during the same period $809,765, the total on November 29 being $10,459,814.

—The Vineland (N. J.) National Bank, newly remodeled and equipped by Hoggson Brothers, the New York builders, held a formal reception on the date of its opening early last month.

The remodelled building is in the Renaissance style of architecture. It has a high base of granite which serves as a rugged foundation. The body of the building is divided into panels by marble pilasters contained within a framework of molded brick and the whole is surmounted by a cornice of terra cotta fired with a finish to match the marble. One of the most striking features of the building is the new marble entrance, which is of classic design. Ample windows flank this entrance, lighting the interior with windows above for the offices.

The banking room, which is entered through a commodious vestibule, is thirty-four feet wide and fifty-six feet long with the public space in the centre of the room surrounded by a handsome screen of marble and bronze. The banking screen contains eight wickets for the various tellers. Back of the screen, the fixed desk work is arranged with every convenience for modern banking, the cabinet work being complete with cupboards, shelves, drawers, cash trays, etc.

The Vineland National Bank was incorporated in 1883. The present officers are: President, A. K. Richman; vice-president, E. A. Pierce; cashier, Edgar S. Ale; assistant cashier, J. Howard Morris.

—Geo. K. Schenberger has made a compilation of the statements of the condition of the banks of York city and county, Pennsylvania, which was published in a recent number of the York "Dispatch," with the following comment:

"Showing a stupendous gain of $3,213,850 over last year, the banks of York city and county, with deposits aggregating $26,736,427, have brought to a close an epoch-making year in their history of financial progress. Business so extensive as to exceed the capacities of industrial establishments, profits boosted by a war which precludes foreign-made material from American shores, and the resulting wage increases and bonuses to employes are reflected in the bounding deposits. These in 1915 were $23,522,577, presenting an imposing gain even then of $1,376,562, the largest recorded until that time. This year's deposits show a gain over those of last year more than double that made in 1914, when the total was $1,250,000 more than in 1913.

"A story far different from that of last year, when the gain in deposits was $495,018 less than the previous year, is now told by the banks of the city. Their aggregate deposits of $13,597,054, against $11,857,628, the figure for 1915, shows a gain this year of $1,739,426. The increase is all the more striking when compared with $518,305, the gain in the city deposits of 1915 over those of 1914, and $1,013,523, representing the hurdle in 1914 over the 1913 aggregate.

"While the increase in city bank deposits is satisfactory in the extreme, that recorded by county banks helps to make it more so, for the county institutions swell the total gain by $1,474,434. The comparatively small increase of $858,359 last year was needed to overbalance the decreased gain of city banks and in itself was a comfortable figure when ranged alongside $236,690, the increase of 1914 deposits over those of 1913. County bank deposits this year total $13,139,381. The aggregate last year was $11,664,947.

"But for figures unequaled in size in York banking statistics of other years, the aggregate footings of the city and county national and state banking institutions command first attention. The huge total this year is $36,592,245, while that of 1915 was $33,160,577. The mammoth aggregate represents a gain of $3,431,668, more than double that of last year over 1914, which was $1,252,068. And last year's increase, too, was better than that of 1914 by $367,559. Here again the city banks come to the forefront with aggregate footings of $19,323,726, against those of 1915, $17,503,627, showing a gain of $1,820,099. Some idea of the additional deposits made in the city during the past year is gleaned by a glance at last year's statistics, which show the gain in 1915 to have been but $423,416, and

that in 1914 to have been only $491,-711."

—The fifteen banks and trust companies doing business in Hoboken and towns of northern Hudson county showed at the close of 1916 aggregate assets of $91,244,949. This is an increase of $9,469,990 over the assets of a similar period in 1915.

—The Orange Valley Bank, Orange, N. J., opened for business January 10. This bank has the quarters formerly occupied by the Mutual Trust Company, which was closed by the New Jersey Banking and Insurance Department last July. It was announced that those who have raised the capital to start the new banking concern are: Gordon B. Phillips, who was chairman of the depositors' committee in the Mutual Trust liquidation proceedings; George E. Spottiswoode, Peter J. Feitner, John D. Everitt, president of the Orange National Bank; John K. Gore; Irving K. Taylor, J. N. Lindsay, Henry L. Holmes, Fred L. Williams of Orange and Charles M. Decker of Madison.

—The four banks in Uniontown, Pa., during 1916 increased by about $3,000,-000 in deposits. One bank, the Fayette Title and Trust Company, increased in deposits $1,000,026.

NEW ENGLAND

Boston

—The Lechmere National Bank of Cambridge is having plans made for a new bank building to be erected on the present site of the bank, corner Cambridge and Third streets, East Cambridge. The building will be occupied entirely by the bank and will be built of stone, in classic design, at a cost of about $50,000. The architect is Thomas M. James, 185 Devonshire

street, who is now engaged in perfecting the plans.

—The Tremont Trust Company, in its statement as of January 9, 1917, reports deposits of $2,370,000, a gain since February 1, 1916, of nearly $1,200,000. On the same date the surplus and profits stood at $115,000 and the total assets at $2,784,000. The company has 7,600 accounts. An initial dividend at the rate of six per cent. was paid last December. Simon Swig, vice-president of the company, was recently appointed chairman of the committee on banks and banking of the Massachusetts Legislature.

—The Commercial National Bank, Boston, Mass., has completed arrangements to move from 4 Liberty Square to the Post Office Square, corner Milk street. The change will probably be made in March. This bank was chartered in 1888 and has a capital stock of $250,000, with surplus and undivided profits of about $278,000.

—The Old South Trust Company, J. R. McVey, president, has increased its deposits over half a million during the past year, and the total now stands at over $1,800,000. An initial dividend at the rate of five per cent. will be paid February 15.

—The First National Bank by vote of its stockholders has increased its capital stock from $5,000,000 to $7,500,000 by the issuance of 25,000 new stock shares at $300, $5,000,000 being added to surplus. This is in accordance with the bank's policy of providing ample capital in proportion to its deposits, which have been growing steadily. C. F. Weed, president of the Boston Chamber of Commerce, has been elected vice-president to fill the vacancy caused by the resignation of D. D. Muir.

—At the annual meeting of the International Trust Company it was voted to increase the capital stock from $1,000,000 to $1,500,000. The new stock will be issued at $200, the premium being added to surplus.

—The People's National Bank of Marlborough, Mass., has announced with regret the voluntary retirement of Walter P. Frye as president and Waldo B. Fay as vice-president. Both Mr. Fay and Mr. Frye had been connected with the bank for fifteen years.

Stillman R. Stevens, formerly cashier, has been elected president. Mr. Stevens has been connected with the bank for the past thirty-three years, the last thirteen years as cashier.

Arthur C. Lamson, formerly clerk of the board, has been made a vice-president and Henry G. Adams has been elected cashier. Mr. Adams has been connected with the bank for the past thirteen years.

—The Great Barrington Savings Bank, Great Barrington, Mass., opened its new quarters for business January 2, 1917. This bank was incorporated

in 1869 and in its new building is situated on Main street.

—The Home National Bank and the Hadley Falls National Bank of Holyoke, Mass., have merged their business into a new institution which has just been organized as the Hadley Falls Trust Company, with capital of $500,000 and surplus of $250,000. The officers of the new company will be as follows: Joseph A. Skinner, president; Fred F. Partridge, Edward P. Bagg and Harry J. Bardwell, vice-presidents; Louis Harvey, secretary and treasurer; Joseph C. Drapeau, assistant treasurer.

—Plans have been decided upon for the erection of the proposed new building for the Chapin National Bank, at the corner of Main and Lyman streets, Springfield. It will have a frontage of about sixty feet and will cost from $100,000 to $125,000.

—The work of erecting the new eleven-story building, which is to be the home of the Rhode Island Trust Company, will be begun shortly. The exterior of the building is to be of limestone and the design will have the best features of colonial architecture. The banking room will occupy the first floor and the committee rooms and directors' rooms will be on the second floor. The Trust Company will also have the entire basement.

SOUTHERN STATES

Richmond

[*Special Correspondence*]

—Capital stock in two of the national banks was doubled at the annual meeting of the stockholders held the first part of January. The Planters increased from $300,000 to $600,000 and the Merchants from $200,000 to $400,000.

A stock dividend of 100 per cent. was declared by the Planters, which gave to each shareholder a double amount of stock. The additional stock in the Merchants was sold to the stockholders at par. Stock in these two banks is the highest-price bank stock in Richmond, that in the Merchants being held at $1,000 a share.

Both these banks usually pay a semi-annual dividend of ten per cent., and last year the Planters declared an extra five per cent., and the Merchants two and one-half per cent., making a total for the year of twenty-five and twenty-two and one-half per cent., respectively.

—Few official changes were made in the banks here at the stockholders and board meetings held during January. Colonel Thomas B. McAdams, vice-president and cashier of the Merchants National Bank, was elected first vice-president, and John Aiken Branch, second vice-president. R. H. Broaddus, an assistent cashier, was made cashier. Mr. Broaddus had been connected with the bank for twelve years, and his promotion was a mark of appreciation for faithful and efficient services.

George W. Call, for a number of

years cashier of the Union Bank of Richmond, was elected president to fill the vacancy caused by the death of Joseph Bragg Beasley. Mr. Call is one of the best-known of the younger bank officials in Richmond, and is possibly the youngest bank president in Virginia.

—Bank reports always reflect business conditions and the last statement issued by the financial institutions of Richmond, in response to the call of the Comptroller of the Currency as of December 27, 1916, showed the banks to be in the best condition in the history of the city, further evidencing the excellent business conditions not only in Richmond but throughout the South and particularly the territory tributary to this city.

In every department of the banking business there was a wonderful increase and the record made by this city will no doubt be among the best reports made by the banking centers of the country.

The compiled reports of December 27, 1916, compared with December 31, 1915, show the following increases: The total assets of all the banks of Richmond at the last call amounted to $107,191,176; and one year ago the amount was only $83,231,648. At the last call the total deposits were $80,942,594, against $58,445,824 a year ago, while the surplus and undivided profits increased from $9,242,973 to $10,345,157 during the year. Loan and investments increased from $64,239,448 to $82,969,293 between the calls of December, 1915, and December, 1916.

The Planters National showed the largest surplus and profits of any bank in the city at the date of the December 27, 1916, call, the amount being $1,800,558. The American National showed the largest per cent. of gain in total deposits, increasing from $6,715,816 to $10,450,597, a gain of $3,734,781.

—Total rediscounts of the Federal Reserve Bank of Richmond for the year 1916 amounted to $45,686,957, being an increase of $548,557 over the previous year. While the yearly difference was quite small, the rediscounts during a recent four weeks reached the large total of $9,626,172. The first week in January securities bought and discounted by the Federal Reserve Bank amounted to $2,904,773, the largest amount of rediscounts for any single week since the establishment of the bank.

—Stewart D. Beckley, who has been with the City National Bank of Dallas, Texas, for the last ten years, was recently elected an assistant cashier of that bank. For some time he had been manager of the city collection department, and later had charge of new accounts.

Mr. Beckley has always been active in the work of the American Institute of Banking, and has served his chapter in a great many capacities, including that of president, and in 1915 was elected to membership on the National Executive Council. He has done a great deal of work in the Southwest in connection with the development of the Institute correspondence work, and much of the success that has attended those efforts is directly due to him.

—The Mobile chapter of the American Institute of Banking has been reorganized.

In addition to devoting attention to the serious side of life, the Mobile chapter will have social functions. It has been suggested that they follow the example of New Orleans' chapter, which staged a big minstrel show and dance. The proceeds were used to purchase part of a library of value to bank attaches. The officers of the local chapter are: C. E. Boyd, president; P. G. Barnes, vice-president; J. F. McRae, secretary; H. A. Pharr, treasurer. The executive committee follows: J. R. Burgett, chairman; C. E. Boyd, ex-officio; P. G. Barnes, Alex. Wildman, W. R. Eastman, W. J. Parham, A. P. Imahorn, Porter King.

The total enrollment of members is thirty-two, with an average attendance

of twenty-three. Stewart Brooks is the instructor of the chapter.

—North Carolina points with great pride to the record of growth of total resources of the state banks for the year ended November 17, 1916.

The increase in total resources for the year was 34.9 per cent., the figures being $118,212,308, and $87,660,524 a year ago. There are 437 banks and 25 branch banks included in the summary.

The increase in bank deposits for the year was $25,575,099. Of the deposits reported $48,091,956 are subject to check; $7,680,381 demand certificates of deposits; $11,464,354 time certificates of deposit, and $19,874,981 savings deposits. The capital stock of the banks aggregates $11,573,795, a gain of $773,000. The surplus fund is $3,688,722 and the undivided profits $3,749,397.

—The Fidelity Bank and Trust Company, Miami, Florida, opened its doors December 2, 1916, to the public. The officers of the bank are L. T. Highleyman, president; Clarence M. Busch, vice-president; Everett G. Sewell, vice-president; Harry McCown, cashier.

—The business men of Louisville, Kentucky, have petitioned the Federal Reserve Board for the establishment of a branch of that bank in Louisville.

—According to a statement issued by the Department of Insurance and Banking, Austin, Texas, individual deposits in the state banks at the close of business November 17, 1916, amounted to $173,026,267. The total resources of the banks aggregate $209,423,465. The deposits since the last call on September 12 increased $45,048,763.

WESTERN STATES

Chicago

—At the annual meeting of the stockholders of the Merchants Loan and Trust Company, held January 2, 1917, Homer A. Stillwell, president of Butler Brothers, was elected a director. The other members of the board were re-elected. The board is as follows: Frank H. Armstrong, Clarence A. Burley, Henry P. Crowell, Marvin Hughitt, Edmund D. Hulbert, Chauncey Keep, Cyrus H. McCormick, Seymour Morris, John S. Runnells, Edward L. Ryerson, John G. Shedd, Orson Smith, Albert A. Sprague II., Homer A. Stillwell and Moses J. Wentworth.

The directors re-elected the officers, as follows: Chairman of the board, Orson Smith; president, Edmund D. Hulbert; vice-presidents, Frank G. Nelson, John E. Blunt, Jr., C. E. Estes, F. W. Thompson and H. G. P. Deans; cashier, P. C. Peterson; assistant cashiers, John J. Geddes and F. E. Loomis; secretary and trust officer, Leon L. Loehr; assistant secretary, A.

Leonard Johnston; manager bond department, G. F. Hardie.

—The Union Trust Company, Chicago, Illinois, in its last statement shows total resources of $37,321,049.84 and a capital stock and surplus of $1,500,000 each. The deposits at the present time are $34,113,710.11 as compared with the deposits in 1916 at a similar period of $29,338,284.03.

—Speaking of local conditions the January financial letter of the National City Bank, Chicago, Illinois, says that the Middle West has such a volume of business booked that it is reasonable to expect continued activity, whether the war ends soon or not. This is a pretty sound situation and shows how foolish it is to think that American prosperity will be dependent upon a continuance of abnormal foreign business. The steel mills are booked far ahead and prosperity in that industry is most pronounced. The situation has been strengthened by the release of large contracts for railroad supplies and the sort of equipment that is needed at a time when the great highways of traffic are heavily congested. No railroad in this territory has command of sufficient rolling stock to render the expeditious service that its managers would like to give their patrons. The earning power of the average freight car in traffic service was probably never as great as it is today. But freight cars cannot be built in a day or a week, even if the equipment companies were able to secure the necessary raw material.

—The National Bank of the Republic, Chicago, Illinois, in its January monthly review of business, states that in reviewing the external aspects of the business situation at the close of 1916, there appears little to lessen the feeling of complacency as regards the year's achievements. Bank clearings for the twelve months averaged fully forty per cent. higher than in 1915, exports were

over half again as large, imports increased by a third, while the net visible balance of trade reached the estimated total of two and one-third billion dollars, or three-fourths again as large as the sum credited to the international merchandise account in 1915. Despite the magnitude of these and other totals that register the business gains of the twelve-month, there is a growing feeling that a very much greater degree of conservatism must be exercised if there is to be an avoidance of that type of inflation which has been the undoing of all previous periods of prosperity.

—At the annual meeting of the directors and stockholders of the Union Trust Company, C. B. Hazlewood was elected vice-president, and H. Lindsay Wheeler and Albert Seckel were elected assistant cashiers. E. V. Bacharach was elected auditor and H. L. Benson, manager of the credit department. An extra dividend of two per cent. was declared.

Mr. Hazlewood has been with the Union Trust Company for ten years and is now in charge of the bank's relations with out-of-town banks, and also directs the department of new business. Previous to coming to the Union Trust Company he was with the Commercial National Bank of Chicago. He is at present chairman of the executive committee of the State Bank Section of the American Bankers Association.

H. LINDSAY WHEELER
Assistant Cashier Union Trust Co., Chicago, Ill.

C. B. HAZLEWOOD
Vice-President Union Trust Company, Chicago, Ill.

—Following is the report of the National City Bank, together with comparative statements on December 30, 1916, and December 31, 1915:

To the Stockholders of the National City Bank of Chicago:

We present herewith the tenth annual report of this bank, and call your attention to the comparative statement which indicates the results for the year just closed.

The increase in deposits is due partly to the ease in the money market, but it also reflects a satisfactory growth in our busines during the year.

On account of the low rates for money which prevailed during the entire year the profits were somewhat under the average of past years. We also thought it wise to provide rather liberally for possible losses.

During the year we opened our new ground floor quarters for our bond and savings depart-

ALBERT SECKEL
Assistant Cashier Union Trust Company,
Chicago, Ill.

ment, and the growth of savings due to our improved facilities is proving satisfactory.

DAVID R. FORGAN, *President.*

COMPARATIVE STATEMENT

	Dec. 30, 1916	Dec. 31, 1915
Loans and discounts	$23,965,741.41	$22,093,284.71
U. S. bonds, at par..	100,000.00	800,000.00
Other bonds and investments	4,238,183.14	2,702,996.22
Acceptances and letters of credit....	144,274.61	....
Cash and due from banks	10,146,352.00	9,609,978.54
	$38,594,551.16	$35,206,259.47
Capital stock	$2,000,000.00	$2,000,000.00
Surplus	750,000.00	750,000.00
Undivided profits....	217,197.72	130,143.60
Dividends unpaid....	30,285.00	30,706.50
Reserve for taxes ..	36,000.00	31,500.00
Circulation outstanding	100,000.00	720,700.00
Acceptances and letters of credit.....	144,274.61	....
Rediscounts with Federal Reserve bank.	1,500,000.00	....
Deposits	33,816,793.83	31,543,209.37
	$38,594,551.16	$35,206,259.47

STATEMENT OF PROFITS

Surplus and undivided profits, December 31, 1915	$880,143.60
Net profits for the year 1916 after providing for all known or anticipated losses	207,054.12
	$1,087,197.72
Six per cent. dividend paid........	120,000.00
Surplus and undivided profits, December 30, 1916	$967,197.72

—The annual meeting of the shareholders of the National Stock Yards National Bank was held at National Stock Yards last month. The officers reported a very flattering increase of business. During the year deposits increased from six million to thirteen million dollars, indicating, in the opinion of the directors, that the bank was offering satisfactory service to its clients.

To encourage and maintain the *esprit de corps* of the bank's organization an innovation was inaugurated at the annual meeting by the establishment of a pension fund for the benefit of the officers and employees of the bank; an undertaking in line with the best progressive thought of the times on matters of this kind.

A substantial amount was voted by the directors to start the fund, which will be added to from time to time in the future, as occasion demands. Employees who become associated with the fund, will contribute a certain portion of their salaries in order to participate in the benefits.

The benefits obtained are in the shape of pensions, which are received by an employee at the age of sixty, and after twenty years of service with the institution. Under certain conditions pensions may also be given in the case of retirement on account of sickness, and to widows and children of deceased employees.

The following directors were elected by the shareholders to serve for the ensuing year:

Nelson Morris, E. F. Bisbee, Chas. T. Jones, O. J. Sullivan and Wirt Wright.

At the succeeding directors' meeting the following officers were elected:

Wirt Wright, president; Charles T. Jones, Owen J. Sullivan, Harold W. Kramer, vice-presidents; Robert D. Garvin, cashier; L. W. Craig, Leo C. Desbory, George A. Boyd, assistant cashiers.

This election carries out several well-deserved promotions of men who have been in the service of the bank for some years.

J. EDWARD MAAS
Vice-President Corn Exchange National Bank, Chicago, Ill.

—At a recent meeting of the board of directors of the Corn Exchange National Bank J. Edward Maass, formerly cashier, was elected a vice-president; James G. Wakefield, formerly assistant cashier, was appointed cashier, and Norman J. Ford, James G. Walker and Charles Novak were made assistant cashiers.

Mr. Maass began his banking career in 1888, with the old American Exchange National Bank, and was assistant cashier of its successor, when the latter was absorbed by the Corn Exchange, in 1900. He retained that title with the Corn Exchange until January, 1913, when he was appointed cashier, which position he has filled until his recent appointment as vice-president. Mr. Maass is well known to bankers throughout the country and enjoys a well-deserved popularity.

JAMES G. WAKEFIELD
Cashier Corn Exchange National Bank, Chicago, Ill.

Mr. Wakefield formerly looked out for the out-of-town accounts of the Corn Exchange and was for many years a familiar and welcome figure at all banking conventions. His many friends in all parts of the country will learn with pleasure of his recent promotion. Mr. Wakefield first became connected with the Corn Exchange through its absorption of the America National Bank and the Northwestern National Bank. His able services soon won recognition by his appointment as assistant cashier.

St. Louis

—On December 1, 1916, the trust department of the Mercantile Trust Company completed its fifteenth year of existence. During that period it has controlled and managed assets exceeding in value *five hundred million dollars* without the loss of a dollar to any corporation, person, estate, or to the Mercantile Trust Company itself. Virgil M. Harris, trust officer, is in charge of the department.

—The following new directors were elected by Third National Bank of St. Louis, at its annual meeting, January 9, 1917:

F. B. Eiseman, a native St. Louisan, son of the founder of Rice-Stix Dry Goods Company, of which he is now vice-president. Mr. Eiseman has long been a prominent figure in St. Louis wholesale circles, and actively interested in public affairs of the city.

L. Ray Carter, native Missourian, graduate of Yale University, and member of the firm of T. W. Carter & Co., grain merchants.

E. D. Nims, who came to St. Louis in 1912 from Kansas City, to become first vice-president of the Southwestern Bell Telephone System, which position he now holds. In addition to his tele-

phone business, he has extensive banking interests in Kansas, Oklahoma, Arkansas and Texas.

Wallace D. Simmons, son of Edward C. Simmons, is president of the Simmons Hardware Company, which his father established and which has grown to be the largest hardware house in the world. Mr. Simmons has been actively engaged in this business since his graduation from Yale in 1890.

The following directors were reelected:

Eugene H. Angert, John I. Beggs, Geo. W. Brown, S. H. Fullerton, Norris B. Gregg, H. L. Parker, A. J. Siegel, J. E. Smith, F. O. Watts and T. Wright.

—The Franklin Bank informally opened its new home at Broadway and Washington avenue, December 11, 1916.

The interior of the new bank is finished in bronze, mahogany and marble. The building itself is a two-story white terra cotta structure.

The Franklin Bank opened for business May 1, 1867, at Sixth street and Franklin avenue, as the Franklin Avenue German Savings Institution, with an authorized capital of $200,000, of which $60,000 was paid in.

In 1880 the institution occupied the corner at Fourth and Morgan streets, its name having been changed in December, 1879, to the Franklin Bank.

To-day the Franklin Bank has deposits totaling $6,000,000, and its resources are approximately $8,000,000.

Officers of the institution are: George T. Riddle, president; George O. Wippern and C. H. Duncker; vice-presidents; Louis Kraemer, cashier; J. L. Hauck, assistant cashier.

—The Industrial Loan Company is making its third expansion since it was founded four years ago. The new home will include its present offices at 714 Chestnut street and the two two-store rooms on the west.

—E. C. Stuart, at the annual meeting

of the board of directors on January 9, was elected a vice-president of the Third National Bank of St. Louis, Mo. Mr. Stuart has served the Third National Bank for seven years as assistant cashier, coming from Washington, Missouri, where he organized the First National Bank, of which he was cashier.

E. C. STUART
Vice-President Third National Bank, Saint Louis, Mo.

Mr. Stuart was born in Powhatan, Arkansas, but moved with his family to Missouri while still a boy, and spent his boyhood in Cape Girardeau. He received his education in the schools of Missouri. He is a graduate of the State Normal College, but received his business training in an eastern institution.

He has traveled extensively over the South and Southwest as representative of the Third National Bank, has a large acquaintance among the bankers and business men of that territory and possesses intimate knowledge of the credit and crop conditions there.

As vice-president, Mr. Stuart will now be in charge of a number of Southern and Southwestern States. He has many friends in this territory as well as in other parts of the country, who will be interested to learn of his deserved promotion.

—Arthur W. Haill on January 9 was elected auditor of the Third National Bank of St. Louis to succeed Wm. C. Tompkins, who has become associated with the First and Old Detroit National Bank of Detroit, Mich. Mr. Haill has been an employe of the Third National Bank for fifteen years, having climbed up through the positions of clerk, bookkeeper, paying teller and assistant auditor, and has held the last-named position for three years.

A. W. HAILL
Auditor Third National Bank, Saint Louis, Mo.

He came from Liverpool, England, where he was born, direct to St. Louis, in 1901, and had extensive commercial

experience for some years prior to leaving England. He is one of the Third National's most trusted employes and is popular with his associates.

Minneapolis

—C. T. Jaffray was elected president of the First and Security National Bank at the annual meeting of the board of directors held last month. Jaffray was first vice-president. F. M. Prince, chairman of the directorate, was made chairman of the executive committee. F. A. Chamberlain was elevated from the presidency to the chairmanship of the directorate. Paul J. Leeman, assistant cashier, was elected vice-president.

W. O. Winston and Isaac Hazlett resigned from the directorate and L. J. Bardwell was placed on the board. C. B. Brombach, chief clerk, was elected an assistant cashier, as was K. M. Morrison, auditor. E. E. Blackley was placed on the officers roll with the title of manager of the credit department.

P. J. LEEMAN
Vice-President First & Security National Bank, Minneapolis, Minn.

Re-elected officers were: A. A. Crane, J. S. Pomeroy, D. Mackerchar, Fred Spafford and H. A. Willoughby, vice-presidents; George A. Lyon, cashier; Stanley H. Bezoier, J. G. Maclean, J. G. Byam and W. A. Meacham, assistant cashiers.

—According to the Northwestern National Bank Review, published by the Northwestern National Bank, Minneapolis, Minnesota, bankers in the northwest, approached on the question as to what has been the most noteworthy or significant condition influencing the fortunes of their section during 1916, have answered so nearly alike as to have made the question seem trite. The high price of wheat and oats; war prices for copper; fairly good crops at excellent prices and splendid returns received for live stock; the high figure reached in the price of iron ore and the high record for tonnage shipped; promptness and ability of farmers and all business men to take care of obligations in the face of a light general crop and a lighter wheat crop: this has been the tenor of the replies.

—At the Scandinavian-American Bank all officers were re-elected. Five directors retired and were placed by B. F. Benson, W. J. Lauderback and J. R. Marfield.

—The old officers were re-elected at the Metropolitan National Bank meeting, and J. D. Husbands and Fred S. Johnson made assistant cashiers.

—At the first annual meeting of the Bankers' Trust and Savings Bank, Harry Parker, F. E. Bryan and H. S. Quiggle were re-elected president, secretary-treasurer and cashier, respectively.

—F. A. Gross, president, and his associate officers were re-elected by the directors of the German-American State Bank.

—The Mercantile State Bank re-elected its officers and added H. L. Melgaard and L. O. Johnson to its directors.

Detroit

—John W. Staley, heretofore vice-president of the First and Old Detroit National Bank, was recently elected vice-president of the People's State Bank and a director of that institution. At the same time that Mr. Staley was elected vice-president of the People's State Bank, Robert S. Mason resigned his vice-presidency and retired from active banking, though still remaining a member of the board. Mr. Mason is one of the oldest bankers in Michigan, having started in 1856 with the Michigan Insurance Bank. He left that bank in 1869 to become teller of the First National Bank. In 1883, when the State Savings Bank was organized, he became its cashier, and upon the merging of that bank in 1907 with the People's State, Mr. Mason was chosen vice-president of the consolidated institution, which position he filled until his retirement.

JOHN W. STALEY
Director and Senior Vice-President Peoples State Bank, Detroit

Within a comparatively short space of time the People's State Bank lost two presidents—George H. Russel and George E. Lawson, the latter being succeeded by James T. Keena. The executive position, however, had not been fully provided for, until Mr. Staley's election to the vice-presidency.

The change in Mr. Staley's official banking relation was brought about with the consent and good will of the First and Old Detroit National Bank, whose officers, while reluctant to lose his services, realized the value of the opportunities offered by the new connection.

John W. Staley is one of the best-known of the younger bank officers in the United States. He entered the First National Bank in 1892, as assistant receving teller, became assistant cashier in 1908 and vice-president in 1912. He has served as secretary of the Bankers Club of Detroit and secretary of the Reserve City Bankers Association.

Robert W. Smilie, for many years credit manager of the People's State Bank and a banker of wide experience, has also been elected a vice-president and director.

—Following the election of John W. Staley as vice-president of the People's State Bank, Walter G. Nicholson, heretofore cashier of the First and Old Detroit National Bank, was also elected vice-president, continuing to hold the position of cashier. He has been with the bank twenty-one years.

Byron W. Clute, formerly chief clerk, and who has been with the bank twenty-one years, and Henry J. Bridgeman, formerly in charge of the securities department, and who has been with the bank twenty-three years, were elected assistant cashiers of the First and Old Detroit National Bank.

St. Paul

—The National Exchange Bank, St. Paul, Minnesota, opened for business January 2, 1917, with a capital of $300,000 and surplus of $75,000. This makes the sixth clearing-house bank of St. Paul. John B. Galarneault of Aitkin, Minn., is president; F. A. Nienhauser, vice-president; Albert L. Roth, cashier, and C. G. Linnell, assistant cashier.

—The Merchants National Bank, Defiance, Ohio, was opened for business December 4, 1916. The bank is in a one-story building and the structure will be used exclusively for banking purposes.

—Arrangements have been made for the absorption of the Bank of Commerce, the National Association, Cleveland, Ohio, by the Citizens Savings and Trust Company. Under the plan the Citizens will increase its capital from $4,000,000 to $5,000,000 and take over the Commerce Bank, and on the basis of the respective values of the stock of the two institutions will give in payment the $1,000,000 of new Citizens stock with any balance remaining on the actual value of the purchase to be paid in cash.

The combined resources of the two institutions will be $100,000,000. Combined deposits will be $83,000,000.

—In the State of Michigan the 485 state banks and seven trust companies at the close of business November 17, 1916, showed total resources ot $607,382,144.74. This is from the report issued by the State Commissioner of the Banking Department. The report gives the loans and discounts of the banks as being $214,695,877.09, and the total reserve $118,231,979.90. Commercial deposits subject to check are $165,979,081.54. The report also gives an increase in capital stock of two banks, namely, the People's State Bank of Redford, from $25,000 to $50,000, and the Saginaw Valley Trust Company, Saginaw, from $150,000 to $200,000.

—The Commerce Trust Company, Kansas City, Missouri, at the close of business December 27, 1916, showed total resources of $29,888,639.99 and deposits of $27,675,799.29. W. T. Kemper is president of the bank.

—Deposits of the First National Bank of Okmulgee, Oklahoma, have increased by one-third during the past year, having reached a total of over $1,300,000. This bank is located in the heart of the largest natural gas belt in the world where the big gas wells are located. It is also in the center of a large oil-producing area, and in the vicinity of a number of coal mines producing a high grade of fuel. Okmulgee is the distribution point for a rich agricultural, horticultural, stock, dairying and poultry raising section. The First National Bank will furnish on application statistics, figures and facts showing the immense natural wealth and resources of this section.

—At the regular annual shareholders' meeting of the Live Stock National Bank of Omaha, Nebraska, the retiring members of the board of directors were re-elected. It was also decided to increase the capital stock $200,000, making the total capital $400,000, surplus $100,000, undivided profits $100,000, total resources over seven million dollars. Officers of this bank are as follows: President, L. M. Lord; vice-president, W. A. C. Johnson; cashier, F. W. Thomas; assistant cashiers, Alvin Johnson, C. F. Anderson and R. E. Baker.

—The remodeling of the L. C. Hyde & Brittan bank building of Beloit, Wis., has been completed and most of the office space has been rented. Hoggson Brothers, who remodelled the structure under the Hoggson building method, were confronted with an unusual condition in their work on account of the irregular shape of the old structure.

The architectural design has been carried out in the Georgian style, the character of the design being greatly strengthened by a happy choice of build-

ing materials. The lower story of the front is finished in white Vermont marble, fluted pilasters of the same material being carried up through the second story supporting a terra cotta cornice and parapet.

The entrance to the bank is in the centre of the building and is handsomely treated with a marble architrave and console. Bronze lamp brackets and name plates on either side of the entrance add much to the appearance of the doorway.

The officers of the bank are: C. L. Brittan, president; R. K. Rockwell, vice-president; E. S. Greene, cashier.

PACIFIC STATES

San Francisco

—According to the last financial letter of the American National Bank, San Francisco, California, lumber, which is the fifth of the five great sources of California's wealth, failed to measure up to the general standard of prosperity set by the others. This is claimed to be due mostly to a lack of transportation. The other four sources, agriculture, oil, mining and commerce have made unequalled records.

—William A. Marcus has been elected assistant cashier of the Savings Union Bank and Trust Company, of San Francisco. This promotion is no surprise to those who have watched his progress in Institute work. Mr. Marcus has held many offices in San Francisco Chapter, A. I. B.; was chairman of the educational committee, and a most successful president. He has served on various committees in the American Institute of Banking, and has always taken an active and constructive part in its convention proceedings. Mr. Marcus is an Institute graduate of the highest type and his many friends will rejoice to see another Institute man go up the ladder.

—The Anglo and London-Paris National Bank, San Francisco, California, in its January financial letter states that the year 1916 was remarkable for the accumulation of money in the banks of the state owing to the great export business of the country being largely payable in cash on reaching port of shipment instead of upon the usual credit terms creating commercial paper for discount. The banks have therefore not secured the earnings from banking transactions proper in the ratio of their increase of deposits. The condition of the banks of this state on June 30, 1916, as compared with that of June, 1915, is shown by the following:

	GRAND TOTAL	
	San Francisco.	All California.
June—		
1916	..$611,185,668.04	$1,399,564,268.28
1915	.. 536,575,220.20	1,241,996,582.17

Los Angeles

—At the annual meeting of the stockholders of the Security Trust and Savings Bank, the members of the existing board of directors were reëlected, and in addition S. F. Zombro was also elected a member.

There were several changes and promotions in the official staff of the Security, the most important of which being the election of W. D. Longyear as second vice-president, to succeed John E. Plater, resigned.

Mr. Longyear has been active in the management of the Security Trust and Savings Bank since 1890, when the institution was but one year old and its deposits less than a quarter of a million dollars. Since 1895 he has been cashier, secretary, and treasurer, and is now chairman of the executive council of the California Bankers Association.

Mr. Plater, who remains on the board of directors, was president of the Los Angeles Savings Bank, which bank was consolidated with the Security in 1904. He is one of the pioneers in the banking business on the Pacific Coast.

Other changes were the election of W. M. Caswell, an assistant secretary, to be secretary; R. B. Hardacre, an assistant cashier, to the cashiership. T.

W. D. LONGYEAR
Vice-President, Security Trust & Savings Bank, Los Angeles, Cal.

R. B. HARDACRE
Cashier, Security Trust & Savings Bank, Los Angeles, Cal.

Q. Hall, also an assistant cashier, was elected treasurer; H. H. Smock, formerly auditor, was elected an assistant cashier, and W. D. Otis, formerly manager of the collection department, to be an assistant secretary. F. H. Thatcher was appointed auditor.

R. B. Hardacre, who was elected cashier, began his banking career as a clerk in the First National Bank of Chicago, and was with the American National Bank of Los Angeles before joining the Security forces some nine years ago.

T. Q. Hall, now treasurer, entered the service of the Security as a messenger boy in 1891, and has risen from the ranks to his present position.

W. M. Caswell, secretary, has been an assistant secretary since 1904, prior to which time he was cashier of the Los Angeles Savings Bank for a period of more than seventeen years.

H. H. Smock, who was elected an assistant cashier, was for four years before coming to the Security, Bank Commissioner for the State of Oklahoma.

W. D. Otis, who was elected an assistant secretary, was auditor of the Southern Trust Company at the time that institution was consolidated with the Security, and is president of Los Angeles Chapter, American Institute of Banking.

F. H. Thatcher, who was appointed auditor, was for some time chief deputy in the office of the Superintendent of Banks of California, and an assistant auditor of the Security.

At the annual meeting President Sartori reported to stockholders that the deposits of the Security Trust and Savings Bank had increased from $42,153,582.96, January 1, 1916, to $51,179,511.43 January 1, 1917, and that the number of depositors' accounts during the same period had increased from 94,000 to 100,827.

He also reported a satisfactory increase in the business of the Security

National Bank, which is owned by the same stockholders, and stated that the combined resources of the Security Trust and Savings Bank and the Security National Bank are $59,507,-562.81.

—Ralph E. Dobbs, long prominent in Los Angeles banking circles, has entered upon his new official relation with the Bank of Italy, with the title of assistant to the president.

Mr. Dobbs came from the Fort Dearborn National Bank of Chicago about twelve years ago and became assistant cashier of the Home Savings Bank of Los Angeles.

He was later elected cashier of the Equitable Savings Bank, which position he filled with marked success until he was appointed a State Bank Examiner with headquarters in San Francisco, and with special supervision over the banks of that city and adjacent territory.

For the past several years Mr. Dobbs has been associated with J. W. Wilson as examiner of banks for the Los Angeles Clearing House Association.

The Bank of Italy, which is opening branches in practically every city of importance throughout the state, finds it desirable to standardize its service and bring it to the highest point of efficiency.

To accomplish this end Mr. Dobbs has been selected to undertake and prosecute the important work of supervising the various branches throughout the state.

The Bank of Italy is now operating in San Francisco, Los Angeles, Fresno, San Jose, Gilroy, Santa Clara, Merced, Modesto, San Mateo and Hollister, and has a capital of $3,000,000 and total resources in excess of $40,000,000.

—C. M. Davenport has recently become associated with the Bank of Italy, with the title of publicity manager.

Mr. Davenport came to Los Angeles from Missouri four years ago and became identified with the German-American Trust and Savings Bank, where he was employed in new business and publicity work.

Beginning with the year 1916 Mr. Davenport assumed charge of the advertising department of the Citizens Trust and Savings Bank, where his work at once attracted widespread attention.

Mr. Davenport, as publicity manager, will have charge of the advertising of the main office in San Francisco, and all the branches throughout the state, which will mean frequent trips to the various cities where the bank maintains branches. He will make Los Angeles his home and headquarters.

—W. D. Otis has been elected an assistant secretary of the Security Trust and Savings Bank. Mr. Otis was formerly manager of the collection department, and prior to that was auditor of the Southern Trust Company.

He is president of Los Angeles Chapter of the American Institute of Banking, and his promotion is another evidence of the worth of the men active in Institute work.

Portland

—Thomas H. West, who has for some time been connected with the Ladd & Tilton Bank, has been elected an assistant cashier. Mr. West has been prominent in the work of the American Institute of Banking, not only in the Northwest, but throughout the country. He was twice president of his Chapter, which under his leadership had a remarkable growth. He served as vice-president of the Institute with distinction and has been prominent on many of its committees. Mr. West has always been especially active in thrift and publicity work and is probably best known as the founder and editor of the "Portland Tickler."

—T. H. West and S. L. Eddy have been appointed assistant cashiers of the Ladd & Tilton bank. Both have been connected with the institution for a number of years.

—On account of increasing business Ladd & Tilton have enlarged their quarters at a cost of $10,000. The working

space has been doubled. Among the improvements was a woman's rest room.

—The Hibernia Bank of Portland declared the usual semi-annual dividend of four per cent. Officials report the bank as prospering.

—No changes were made in the personnel of the officers of the United States National Bank that has remained the same for several years. Officers are: J. C. Ainsworth, president; R. Lea Barnes and H. B. Ainsworth, vice-presidents; R. W. Schmeer, cashier; A. M. Wright, W. A. Holt and P. S. Dick, assistant cashiers. The board of directors includes D. W. Wakefield, E. Ehrman, George E. Chamberlain, R. L. Macleay, H. B. Ainsworth, R. Lea Barnes and J. C. Ainsworth.

—President J. C. Ainsworth has fixed the date of the opening of the United States National Bank's new home, Sixth and Stark Street, for June 15.

Spokane

—The December News-Letter of the Spokane and Eastern Trust Company, Spokane, Washington, reports the wheat outlook for the early part of this year as very favorable in that section. Production is good. Since November 1, 1916, there were reported 35,628,061 bushels of wheat in the warehouses. This compares favorably with 43,595,601 bushels for the same period of 1915 and 33,711 bushels for 1914.

Seattle

—The Seattle National Bank in its twice-a-year publication, "Trade and Crop Bulletin," sums up the conditions in the Pacific Northwest. The December number is the most recent issue.

—The Washington Bankers' Investment Association, composed of represen-

tatives of leading banks and investment firms of the State of Washington, recently perfected formal organization, electing officers as follows:

President, Herbert Witherspoon, vice-president of the Spokane and Eastern Trust Company, Spokane; vice-president, R. H. MacMichael, bond manager of the Dexter-Horton National Bank, of Seattle, and L. E. Eyman, president of Eyman & Co., investment bankers, of Seattle; secretary-treasurer, George E. Maine, assistant bond manager of the Dexter-Horton National Bank.

Tacoma

—Bank clearings for the year increased $18,000,000 over those for 1915. The total for 1916 was $116,810,914, as against $98,668,247 for the previous year. At the close of business for 1916 every bank in the city announced increased deposits.

—E. O. Heinrich addressed the Tacoma Chapter of the American Institute of Banking on "Stalking the Forger" at a recent meeting. Addresses were also made by J. A. Swalwell, of the National Bank of Commerce, of Seattle; F. A. Rice, of the Tacoma Savings and Trust Company; H. N. Tinker, of the Puget Sound Bank and Trust Company; S. M. Jackson and G. H. Raleigh, of the Bank of California, and R. S. Stacy of the National Bank of Tacoma.

—The Tacoma Savings and Trust Company has become a member of the Tacoma Clearing House.

—By accident the deposits of the Puget Sound Bank and Trust Company of Tacoma, Wash., were reported in one of the local papers and copied in a great many of the papers throughout the country, as being $575,000, instead of $1,022,490.68, as was correctly reported in the bank's statement of December 27. This bank has also resources of $1,178,243.44; capital of $100,000, and surplus of $47,000.

—The regular stockholders' meeting of the Puget Sound Bank and Trust Company of Tacoma, Wash., was held January 17, 1917. President H. N. Tinker presided. Out of 1,000 shares there were 936 shares represented at the meeting. Aside from the stockholders, the entire working force was invited into the meeting and Wesley Gordon, representing the employes, made suitable and appropriate remarks, setting the goal to be worked for during the year 1917 as an increase in deposits from $1,000,000 to $1,500,000.

The general report of the progress that the bank has made during the last three years, under the management of the present board of directors, revealed the fact that deposits during that time had practically doubled; that the net earnings had been fifty-eight per cent.,

and that regular dividends of eight per cent. had been paid, the balance being carried to the surplus fund.

The following directors were chosen: H. N. Tinker, Edward Miller, Wm. P. Hopping and O. F. Larson to serve for one year; F. A. Leach, Dr. W. N. Keller, H. H. Gove and W. W. Newschwander to serve for two years, and J. S. Menefee, E. E. McMillan and J. B. Hawthorne to serve for three years.

Immediately following the adjournment of the stockholders' meeting the directors qualified, elected officers, selected an executive committee, outlined the amount of Fidelity bond required of each employee and passed upon the loans made for the past month.

There were no changes made in the directors or in the office staff.

CANADIAN

—The Dominion Bank of Canada reports profits for the year ending December 30, 1916, after deducting charges of management and making full provision for bad and doubtful debts, of $969,065. From this is deducted for taxes $75,-562, leaving a net profit of $893,502. Out of this dividends (quarterly) at twelve per cent. per annum were paid to the amount of $720,000; $25,000 was contributed to the Canadian Patriotic Fund; $2,500 to the British Red Cross Society; $2,000 to the British Sailors' Relief Fund; $25,000 to the Officers' Pension Fund; $100,000 was written off bank premises; $363,442 was carried forward to profit and loss account.

The Dominion Bank has a capital of $6,000,000, and a reserve fund of $7,-000,000. Its deposits are $70,473,614 and its resources $92,866,692.

—Sir Edmund Walker, president of the Canadian Bank of Commerce, in his annual report to stockholders, directed attention to Canada's financial progress, and points out how the Dominion has aided Great Britain in financing the war and in supplying munitions. He reviewed the export and import trade, the sale of securities, and the growth of the bank deposits, and said that Canada is enjoying greater prosperity than it has ever known.

As for the future, Sir Edmund says that after the war finances will be more liquid, inasmuch as the warring powers are not likely to attempt to float any more new loans for many years to come.

"Before the war," he says, "money was gradually increasing in value, and there will be within the empire many new enterprises as well as others held up temporarily, which will require financing. How soon these will come into the market to borrow will depend upon the willingness of the public and of financial houses to encourage bona fide enterprises by reasonable rates for money. It will be natural for a Britisher to invest his savings in our own securities, particularly at the rates of interest which are likely to prevail. We shall, therefore, watch this situation with increasing interest, as future development at home and abroad may depend upon the willingness of capitalists and others to accept a lower return from such investments than they can obtain under present conditions by simply investing their surplus funds in Government and similar securities."

—According to the annual report issued to the stockholders, the assets of the Royal Bank of Canada increased $55,000,000 during the year of 1916. During the year the bank has built up a chain of institutions in the British West Indies. The assets of this bank now amount to $253,261,427, as compared with $198,299,123 at the end of 1915.

—In the last general statement of the Bank of Toronto, Toronto, Canada, the total assets are $73,114,554.69. Individual deposits total $54,893,507.25, while the deposits of banks and correspondents are $480,702.33. It is interesting to note the profit and loss account given with this statement. That account totaled $1,170,336.68. Of this amount $550,000 was paid in dividends and the

remainder in war tax, officers' pension fund, war subscription and patriotic fund, and the Toronto general hospital.

—The annual meeting of shareholders of the Guarantee Company of North America was held in Montreal on January 25, and the forty-fourth yearly report was presented. It showed that after making provision for all outstanding liabilities, appropriating $10,300 to reinsurance fund (which now totals $88,000), and voluntarily providing $25,000 for contingencies, paying the usual ten per cent. dividend and a bonus of two per cent., there was an increase of $56,628.91 in surplus, which now stands at $1,484,631.79 to shareholders and $1,789,231.79 to policyholders. Risks now in force stand at $103,568,421.

—The prosperous condition of Canadian banks is indicated by the statement of the Canadian Bank of Commerce for last year, which shows net earnings of about $2,500,000. During the year the bank increased its assets by $38,000,000 up to about $288,500,000. The growth of deposits has been about eighteen per cent. The report shows an increase in the amount of British, foreign and colonial and municipal securities held, this item increasing from $1,719,000 to $17,282,000. The expansion in note circulation was slightly less than $3,000,000 for the year.

Paragraphs on Thrift

Frank C. Mortimer

¶There is one element that makes for a rounded and successful life that is but imperfectly realized. Voluntary self-control is so important a factor in the economic, the political and the moral life of the individual that no training of the head or of the hand can be considered successful that fails to take it into account.

¶Many a brilliant intellect has made shipwreck of life because of the lack of training in this most essential element in character—thrift.

¶One of the most glaring defects of our present educational system, considered as a means of preparation for life's work, is the lack of any general and systematic training in the practice of thrift.

¶For a people as practical as we are, the indifference shown toward saving in small things is significant. It points to the fact that our prosperity, our boundless natural resources and the countless opportunities for making money have lulled us into a feeling of false security. The future seems so assured that it appears hardly worth while to stint ourselves in the present; but this is the gambler's attitude towards life, and education, drawing upon the wisdom of experience, should furnish the corrective.

¶Experience teaches that success in life depends not so much on the ability to earn money as on the ability to save a portion of one's earnings.

¶Great as is the value of thrift from the point of view of economics, yet its value is not limited wholly to that field. The training afforded by its practice calls for the exercise of qualities that are predominantly moral in their character. Thrift means self-control. It means self-mastery. It means that we must learn to forego immediate pleasure for the sake of some more distant good.

THE

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ELMER H. YOUNGMAN, Editor

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Consolidating the Country's Banking Systems

REPORTS have been current of late of a plan to force all the banks of the United States into the Federal Reserve System as a part of the defensive measures considered necessary in view of the conditions now existing.

If there shall be shown any real necessity for such a step for the purpose indicated, this MAGAZINE would be the last to oppose it. Whatever measures the Government shall consider necessary to solidify the financial and banking system of the United States as a part of the plan of national defense deserve united support.

But it has not yet been shown that there is any real need of consolidating the banks of the country for the purpose indicated. Nor has anybody yet made clear that such consolidation, if effected, would be of any material benefit to the Government in its emergency or to the people.

Whatever might be done with the banking system under the plea of military necessity, there would seem no financial urgency justifying such a step at present. Our banking and financial system is so strong that practically we have the entire world at our mercy. This is not a time to put forth a plea of banking weakness. Such a pretext would be so shallow as to deceive nobody.

For some purposes, a degree of banking unity and coöperation would be welcomed. But this is quite a different thing from bringing all the state banks into a Federal system and reducing them all to a dead level. Things are not the same in all parts of this country. And the respective systems now existing can be made to respond to local needs better than a system of banks operating under uniform laws. Were this not the case, what explanation could be offered for the 18,000 state banks?

Upon this subject some very pertinent views were thus expressed by Elliott C. McDougal, president of the Bank of Buffalo, Buffalo,

N. Y. Addressing Group III of the New York State Bankers Association, Mr. McDougal said:

"Some years ago, in New York, I attended the annual dinner of Group VIII of the New York State Bankers Association. After the dinner three foreign bankers—one from Berlin, one from Paris and one from Liverpool, England—explained the banking systems of their different countries. When the Englishman arose, he said: 'An English bank can lend to whomsoever it pleases, in any amounts it pleases, on any kind of security it pleases, or without security if it pleases. It can carry any reserve it pleases, in any kind of money it pleases, or no reserve if it pleases.'

"Subject to a few broad laws, English banking is absolutely free to adjust itself to business requirements. Still, no English bank, no matter how powerful, dare, in the face of public opinion, conduct its business unsoundly. This freedom in banking, this ability instantly to adjust banking facilities to changing business needs, is what has made London the banking center of the world. You cannot put the banking business of this country in a straight-jacket and expect it to serve the public well. Legislators and public officials are too apt to forget that commercial banks are simply instruments for the facilitation of business. The more restrictions which are put upon banks, the less able are they to give to the public that service which is necessary to the fullest development of trade and commerce.

"The Federal Reserve Board has requested power to change, from time to time, the percentage of reserve required. If the Federal Reserve Board were composed of seven of the best bankers in the United States of America, they would not have wisdom enough to exercise this power. The proper way to control reserves is through the rate of discount. This is largely experimental. For instance, a certain rate is fixed. No board can tell whether or not that is the correct rate. In another week the rate again may be changed. The second rate may not prove to be the correct rate. The experiment is continued until the desired results are accomplished. If the results are accomplished, the final rate must be correct. By the following week, a further change in the situation may require a still different rate.

"It is urged that the Federal Reserve Bank of New York has a perfect right to present checks on any bank, at the counter of that bank, and to demand payment in cash at par. That is perfectly true. Had the Federal Reserve Bank no other purpose than to procure cash, there could be no valid criticism of its action. The trouble is that such is not its real purpose. That purpose clearly is to force banks upon which checks are drawn to remit New York exchange at par. At a conference of country bankers in Rochester an Assistant Cashier of the Federal Reserve Bank of New York stated that

the furnishing of New York exchange, and the transfer of funds from one city to another, were services for which no bank had any right to make a charge. Any man with ordinary common sense knows that this is nonsense. Such service costs money. It presupposes the procuring and the maintaining of banking connections and the keeping of balances in other cities. It presupposes clerk hire, stationery and rent. A bank furnishing such facilities at par does so at a loss. A bank has a perfect right to make a charge covering cost, plus a fair profit.

"When the Federal Reserve Bank of New York takes the position that this service must be furnished not only for nothing but at an actual loss, it takes an untenable and an unjust position. It is perfectly true that, in the past, some country banks have charged exorbitant rates. It may be true that to-day some of them are charging exorbitant rates. The Federal Reserve Bank is perfectly justified in collecting checks upon such banks in any way it chooses. When country banks are willing to remit small amounts at one-tenth of one per cent., and moderate sized amounts at one-twentieth of one per cent., such banks are asking no more than fair compensation for their services. To attempt to coerce such banks is unjust. The statement that they are not entitled to charge for such services is untrue. To use the technical argument that they should not object to redeeming at par, over their own counter, checks drawn upon them, when these checks are presented, not simply to get cash, but to coerce them, is insincere.

"It has been stated that the Federal Reserve Board intends to make every bank check worth par in every part of the United States. The Board might just as easily decree that two and two shall make five. A check upon San Francisco is worth par to a man in San Francisco. To a man in Denver it is worth a little less than par. To a man in St. Louis, a little less than that. To a man in New York or Boston, a little less than that. The same is true of a check on Minneapolis in the hands of a man in Minneapolis as compared with the same check in the hands of a man in St. Louis or in the hands of a man in New Orleans. Genuine country-wide parity for local checks is a theoretical dream. Unnatural, enforced parity, under unjust laws, might be possible, just as it might be possible to pass a law that a shipper of oranges in California should receive for a box of oranges which he has shipped to Maine, and upon which he has paid freight, the same price that he would receive for the same box of oranges in California.

"Superficially considered, it may seem that this question of collection charges, while important as a matter of justice to our entire state banking community, is important as a matter of selfish interest to country bankers only. Considered from the point of their selfish interests, and looking no further than their noses, Buffalo banks

undoubtedly are indifferent to the action of the Federal Reserve Bank of New York in its endeavor to coerce state banks. The probability is that banks in Rochester, Syracuse, Albany and other clearing house cities, are similarly indifferent. Nevertheless, all state institutions, not even excepting those of New York City, should realize that self-preservation requires united opposition to the Federal Reserve Bank or to any other power which endeavors unjustly to coerce even a small part of our state banking institutions.

"The solidarity of the banking system of New York is at stake. Should our strong state banking system fall, how can any other state system hope to stand?

"It must be perfectly plain to anyone who is not wilfully blind that it is the intention of the Federal Reserve Board to force into the Federal Reserve System all state institutions. The Federal Reserve Board says that such institutions will be received into the system on very favorable terms, and that they will be allowed to remain, each under the supervision of its own state banking department. Probably such an arrangement could not long continue. There would be conflict of authority and discord between the authorities of the United States and the authorities of the state of New York. While no man can prophesy exactly what would happen, the probability is that the powers of the Federal Reserve Board gradually would encroach upon the powers of the state banking department, until the powers of the latter were practically extinguished, while the state banks members of the Federal Reserve Association looked helplessly on.

"This is the main danger, compared with which the question of collection charges sinks into insignificance.

"To anticipate and to prevent this danger, state banks of discount and trust companies should join in a state clearing-house association, with powers to do everything for a member that the Federal Reserve System can do, except the power to issue currency. To meet that lack, the executive committee of the association should be authorized to procure currency for any member in case of need, paying a premium for it if necessary.

"Years of experience covering several panics have proven the clearing-house association to be the quickest, the least expensive and the best method of meeting unforeseen emergencies. With such an association, membership in which would be much less expensive than membership in the Federal Reserve Association, our state system would be entirely independent of the national system.

"Such independence is desired, not for attack upon the national system, but for mutual protection of members in times of financial stress, and for defense against such attacks on the part of the Federal Reserve System as exist to-day."

Mr. McDougal is unquestionably right in the tribute he pays

to the efficiency of the clearing-house. And, it may be added, that but for the interference of the Federal Reserve System—an interference which many regard as costly and revolutionary—the country's banking problems would all have been gradually worked out on the lines which experience approved.

GOOD YEAR FOR THE NATIONAL BANKS

FIGURES compiled by the Comptroller of the Currency show that the national banks of the United States earned both gross and net the largest amounts during the last year of any time in their history.

Their gross earnings aggregated $600,000,000, as compared with $528,000,000 for the fiscal year ending June 30, 1915, an increase of 13.6 per cent., while the net earnings for the calendar year ending December 31, 1916, amounted to $170,000,000, an increase of $43,000,000, or 34 per cent. over the earnings for the fiscal year ending June 30, 1915. The gross earnings for the last six months of 1916 were at the rate of $628,000,000 a year, while the net earnings for the same six months were at the rate of $185,000,000 per annum, or 29.5 per cent. of gross earnings. During these last six months the national banks of the country have earned at the rate of over 17 per cent. per annum on their entire capital stock, and over 10 per cent. per annum on their combined capital and surplus.

These highly favorable results, the Comptroller points out, have been coincident with a radical reduction in the rates of interest charged borrowers in all parts of the country, in the larger cities as well as in the rural districts.

If it shall be found on further experience that the banks continue to earn more money with interest rates lowered, the conclusion may be reached that the lessened rate has added to the volume of business, thus reducing the proportionate cost. The banks may have to work a little harder, but their profits will be greater. Possibly the thought of rendering a wider service may afford some compensation for the extra labor.

As one swallow does not make a summer, neither do the high earnings of the banks one year under the Federal Reserve System prove what they will earn under less favorable general business conditions. But putting the most favorable construction on the figures quoted, and taking the net earnings of the last six months of 1916—ten per cent. of capital and surplus—there is nothing remarkable in this rate. It is one with which the average manufacturer would not

be satisfied. Since the banks are admittedly managed by men of exceptional business ability, it would only seem reasonable that their institutions should earn more than the average. But they keep on the safe side and avoid the risks which greater profits might entail.

Many banks have seemed disheartened at the loss of some of their profits under the new banking system. The experience of a single year affords no criterion for judging how they are to be permanently affected by the change. And this observation is especially true when applied to a year so abnormal in many respects as was the year 1916.

AN ODD PIECE OF BANKING LITERATURE

AS an innovation in the current literature of banking, the following may be of interest. It is taken from a circular signed by R. H. Treman, deputy governor of the Federal Reserve Bank of New York, and dated January 15, 1917:

"You will observe that while the reserves of member banks in the Reserve Bank are subject to withdrawal by check, the Federal Reserve Act requires penalties to be imposed for deficiencies in reserves. The penalty, which has been fixed by the Federal Reserve Board for the present at two per cent. above the ninety-day discount rate, is at the rate of six per cent. per annum. The practice of this bank has been to calculate reserves on the basis of a monthly average, and when reserve balances are likely to become impaired most member banks prefer to rediscount with the Reserve Bank to maintain them rather than pay the penalty.

"A recent amendment to the Federal Reserve Act gives member banks the privilege of borrowing from this bank, for periods not exceeding fifteen days, on their own notes secured by paper eligible for rediscount (which paper may have a maturity not exceeding ninety days). As our present discount rate is three per cent. for such notes having not more than fifteen days to run, member banks have found them a useful form of borrowing to avoid temporary deficiencies in reserve balances."

This is somewhat of a novelty in banking publicity, for the conservative banks of the country, while quite willing to advertise their readiness to borrow of others in the shape of deposits, have generally refrained from announcing their willingness to lend to others. Apparently, the Federal Reserve Bank of New York is bound by no such traditions of a hoary past.

As a pure business proposition, we should suppose the Federal

Reserve Bank of New York would prefer the six per cent. penalty than the three per cent. received for rediscounting.

The suggestion contained in the circular is about on a par with a bank having a customer whose balance was getting below a desirable level and who should receive a letter from the bank admonishing him of this fact and suggesting that he come in and borrow some more to make up the deficiency!

AN INTERESTING MANUFACTURING AND SELLING PLAN

A MOVEMENT that may, if successful, have a marked influence on methods of production and distribution, has been inaugurated by some Kentucky flour mills. The Anglo-American Mill Company, of Owensboro, in that state, has formed what is called the Community Marvel Millers' Association, which will comprise at the outset some 825 flouring mills, the number to be increased by June 1 to 1,000 or over. It is the intention to produce and market the flour under a single brand, the standard quality of which will be carefully maintained. While it will be the purpose of the organization to keep up the quality of the product, it will not be any part of the plan to fix prices, thus avoiding clash with legal requirements prohibiting price-fixing combinations. An extensive advertising campaign will be carried on, greater, it is said, than has ever been attempted by any manufacturer of flour in the United States.

This constitutes an interesting experiment, though not, of course, entirely novel. But the possibility of its more extensive application, so that the same principle may ultimately be employed in making and selling a wide range of products, lends exceptional importance to the undertaking.

So clever a business man as Henry Ford has said that what he had done in the automobile industry could be duplicated along other lines by standardizing the products and reducing them to a single type or at least to a few simple types. This policy will work well enough except where it comes into conflict with taste and fashion. Even Mr. Ford has found that the primitive appearance of his car fails to make a universal appeal. There are still some souls in the world who delight not in simplicity, but in complexity.

But with reference to bread, or many of the standard articles both of food and general utility, probably a great economic gain would be effected by a standardization of product and by applying

the trade-mark principle. This ought to result in economy of production and distribution and to a lowering of price. The question arises, however, whether this economy would all be taken advantage of by those who brought it about, or shared with the public.

Some difficulty, were the principle in question widely applied, might arise as to keeping the product up to the required standard. You might call all the butter produced in a single state "Primrose Butter," yet this mere uniformity of title would amount to nothing unless the utmost care were bestowed upon the materials used and the processes employed in its manufacture. With flour and many other articles, however, the difficulty of securing approximate uniformity would be greatly lessened.

The Kentucky experiment contains interesting possibilities, and the development of the plan may profitably be observed.

SOME FACTS ABOUT THE PUBLIC DEBT

AS the bonded debt of the United States will be increased in the very near future, some facts about the present public debt become timely.

The debt statement—or the financial statement as it is now called—presents the obligations of the United States in two forms —those bearing interest and those that do not.

On January 31, 1917, the interest-bearing debt was as shown herewith:

INTEREST-BEARING DEBT
(Payable on or after specified future dates.)

Title of Loan	Rate	When Issued	When Redeemable or Payable	Amount Issued	Outstanding Jan. 31. 1917
Consols of 1930	2 %	1900	Pay. after April 1, 1930	*$646,250,150	$606,288,850
Loan of 1908-1918	3 %	1898	Red. after Aug. 1, 1908; Pay. Aug. 1, 1918	†198,792,660	63,945,460
Loan of 1925	4 %	1895-96	Pay. after Feb. 1, 1925	‡162,315,400	118,489,900
Panama Canal Loan:					
Series 1906	2 %	1906	Red. after Aug. 1, 1916; Pay. Aug. 1, 1936	§54,631,980	49,817,480
Series 1908	2 %	1908	Red. after Nov. 1, 1918; Pay. Nov. 1, 1938	‖30,000,000	26,178,600
Series 1911	3 %	1911	Pay June 1, 1961	50,000,000	50,000,000
Conversion Bonds	3 %	1916-17	Pay. 30 years from date of issue	25,057,200	25,057,200
One-Yr. Treasury Notes	3 %	1916-17	Pay. 1 year from date of issue	23,540,000	23,540,000
Postal Savings Bonds (1st to 11th series)	2½ %	1911-16	Red. after 1 year from date of issue; Pay. 20 years from date of issue	9,151,800	9,151,800
Postal Savings Bonds 1917-1937 (12th series)	2½ %	1917	Red. after Jan. 1, 1918; Pay. Jan. 1, 1937	887,960	887,960
Aggregate of Interest-bearing Debt				$1,200,627,150	$973,357,250

*Of this amount $21,266,300 have been converted into Conversion Bonds and $18,695,000 into One-Year Treasury Notes.

†Of this original amount issued $132,449,900 have been refunded into the 2 per cent. consols of 1930, and $2,396,800 have been purchased for the sinking fund and canceled, and $500 have otherwise been purchased and canceled.

‡Of this original amount issued $43,825,500 have been purchased for the sinking fund and canceled.

§Of this original amount issued $1,886,500 have been converted into Conversion Bonds and $2,928,000 into One-Year Treasury Notes.

‖Of this original amount issued $1,904,400 have been converted into Conversion Bonds and $1,917,000 into One-Year Treasury Notes.

Of the debt which does not now bear interest there are two subdivisions, the one representing the debt which bears no interest and the other the debt on which interest has ceased since maturity. Both are shown in the tables accompanying:

DEBT BEARING NO INTEREST

(Payable on Presentation)

OBLIGATIONS REQUIRED TO BE REISSUED WHEN REDEEMED:	
United States Notes	$346,681,016.00
Less gold reserve	152,979,025.63
Excess of notes over reserve	193,701,990.37
OBLIGATIONS THAT WILL BE RETIRED ON PRESENTATOIN:	
Old demand notes	53,152.50
National-bank notes and Federal Reserve bank notes assumed by the United States on deposit of lawful money for their retirement	50,927,531.00
Fractional currency	6,847,399.90
Total	$251,530,073.77

DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY

(Payable on Presentation)

Funded Loan of 1891, continued at two per cent., called for redemption May 18, 1900; interest ceased August 18, 1900	$4,000.00
Funded Loan of 1891, matured September 2, 1891	20,950.00
Loan of 1904, matured February 2, 1904	13,050.00
Funded Loan of 1907, matured July 2, 1907	509,100.00
Refunding Certificates, matured July 1, 1907	11,850.00
Old Debt matured at various dates prior to January 1, 1861, and other items of debt matured at various dates subsequent to January 1, 1861	901,090.26
Total	$1,460,040.26

It is a matter of some curiosity why there should still be outstanding some $1,460,000 of debt on which interest has ceased. Part of this probably represents losses, a portion mere carelessness or indifference of the owners of the securities, and in some cases the bonds may be held on account of their usefulness as collateral for various purposes. The fact that holders of a matured interest-bearing obligation of the United States do not present them for payment would seem to indicate that the owners of these securities are not in much need of the interest they might obtain by reinvesting the face of the bonds in some interest-bearing debt, and that they are so confident of the ability of the United States to pay when called on that they do not concern themselves about getting their money. Possibly some of the holders of these bonds—on the score of "safety first"—would rather hold a debt of the United States

without interest than to have any other kind of security bearing interest.

A summary of the gross and net debt appears as stated herewith:

GROSS DEBT

Debt bearing no interest	$251,530,073.77
Debt on which interest has ceased	1,460,040.26
Interest-bearing debt	973,357,250.00
Aggregate	$1,226,347,364.03

NET DEBT

Gross debt (see above)	$1,226,347,364.03
Deduct—	
Balance available to pay maturing obligations	76,504,180.42
Net debt	$1,149,843,183.61

The facts about the debts of other leading countries are so well known that no comparison need be instituted to show the favorable situation of the gross and per capita debt of the United States.

Fortunately, at a time when the country may need to issue bonds in considerable volume, the national credit is such that securities may easily be placed to any required extent and at a moderate rate of interest.

ANNOYING POSTPONEMENT OF A POSSIBLE BLESSING

NOT for long does the editorial desk of this MAGAZINE remain empty of showers of intellectual financial manna. Upon food so satisfying have we lived for a time whence the mind of man runneth not to the contrary. What to us is the price of potatoes? Or of the accursed onion? We dine upon a nobler fare—not the "hard food for Midas," but an ambrosial stew begotten of the busy brains that wrestle between other odd jobs with the petty problems of making everybody rich and therefore happy.

Comes now a financial expert from McKeesport, Pa., and here's his plan:

If John D. Rockefeller will put the billion dollars he is supposed to have into a trust fund for the general welfare, and let it remain at compound interest for a period of two hundred and twenty years, at the end of this time, upon careful computation (which we have

taken the utmost pains to verify) the said general welfare trust fund will amount to $16,777,216,000,000,000.00 (the one most readily numerating these figures will please go to the head of the class). Or, put in words, to make the sum clear to some of our readers unaccustomed to such large figures—sixteen quadrillion, seven hundred and seventy-seven trillions, two hundred and sixteen billions of dollars. "A good round sum," as Shylock said in complaining of the high price of meat when he bought a pound of Antonio for three thousand ducats. Now, the revenue alone from this fund would be a fairly tidy sum—six hundred and seventy-one trillions, eighty-eight billions, six hundred and fourteen millions of dollars.

"What will he do with it?" Why, devote $271,088,640,000,000 to the annual expenses of the Government—National, State, County, Municipal, School, etc.—and the remaining $400,000,000,000 to be devoted and distributed as an annual pro rata profit-sharing dividend to the inhabitants of the nation, share and share alike.

Again exact mathematical science is invoked, and it is found that this would afford the estimated population two hundred and twenty years hence a pension to each man, woman and child amounting to $200,000 a year, or an income of one million dollars per average family of five persons.

If this is not enough, the proposer of the plan says, the amount of annual revenue can be doubled by the simple process of continuing the accumulating period for another term of seventeen and one-half years; but he very justly adds that he thinks such action will hardly be necessary. Nor do we; two hundred and twenty years will be quite long enough to wait, and no one not possessing porcine propensities will favor making the period two hundred and thirty-seven and one-half years solely to get four hundred thousand a year instead of two hundred thousand.

Doubtless there will be those who would prefer to get theirs now rather than to wait over a couple of centuries for it, and some may commute their interest in the general welfare fund for less than what they would be entitled to at the end of the stipulated time. This impatience of the get-rich-quick element of the population will inure to the benefit of all those who have the staying qualities to remain in the game for two hundred and twenty years.

OUR country! Though forbearance is her maxim, she must show to foreign nations that her rights are not to be outraged.—

ANDREW JACKSON.

Getting Better Profits for the Bank

By C. F. HERB, Vice-President Mississippi Valley Trust Company, St. Louis

DURING the year 1916 prosperity has permeated all classes of business, with possibly the sole exception of commercial banking.

Of course, banks situated at the great ports have profited largely through the enormous volume of foreign exchange which has arisen from our immense exports, but I am now considering those banks not directly affected by war business, and particularly the banks of the Middle West.

During the past year rates for money were low, due to various causes. The unprecedented balance of trade in our favor in commerce with Europe, forcing those nations to ship us large sums of gold, the cessation of tourist travel to Europe, retaining a large sum annually in this country; the repurchase of large blocks of American securities, keeping at home the interest accrued; the inability of our great railroad systems to employ in construction and betterment the large sums which should be used for such purposes, and numerous unusual circumstances, have caused a glut of money.

The operations of the Federal Reserve Banks have created a tendency toward lower rates on commercial and commodity paper, and will continue to do so.

FIXED RATE ON DEPOSITS

To my mind the payment of a fixed rate of interest on demand deposits subject to check, regardless of the market rates at which these deposits can be loaned, is one of the most unsound and unprofitable propositions confronting us to-day. It is unsound because it develops an extremely dangerous situation in that many banks in their anxiety to keep these deposits profitably employed are tempted to make investments surrounded by considerable risk, and it is unprofitable because the principles of safe and conservative banking preclude the investment of demand deposits in anything but short-time liquid paper which carries the lower rates.

Whether interest at two per cent. on country bank balances, plus the absorption of exchange and other expenses, is profitable, can readily be determined by the analysis department; but, judging from the backward growth exhibited by the undivided profit accounts of many banks in the past few years, it will require diligent effort to find the profit. Be that as it may, I am more concerned in the practice of allowing interest at two per cent. on checking accounts of individual depositors. Trust companies are generally blamed for originating the practice of allowing interest on current or checking accounts. In some states the laws governing trust companies compelled the payment of interest on all deposits, and many of these institutions advertised that interest at two per cent. would be paid on current accounts. Banks, fearing a loss of deposits to the trust companies, offered the same inducement and in many cities the practice is now universal.

Those financial institutions that analyze the accounts of depositors, and have a system of determining as nearly as possible what it costs to handle current accounts, have realized that even in times of fair rates for loans, the margin of profit on this class of business is scant.

In the face of the low rates for liquid

paper during the past two years, they must certainly know that what small margin of profit was apparent before, has almost, if not entirely, disappeared.

These facts are known to most bankers, but the practice continues unabated, and the tendency is to regard a large increase in total footings as of more importance than a substantial increase in profits.

In this respect how different is the banker from men engaged in other lines of business! When a dealer in a certain commodity finds the market glutted and he can no longer dispose of his goods at a profit, he does not continue to purchase from the producer at a fixed price, but pays a market price regulated by the law of supply and demand. The banker, however, goes on buying his deposits at a fixed price regardless of his inability to employ them at a rate that will bring a fair return.

In making its analysis of the financial statement of an applicant for a loan, the credit department of any bank will scrutinize with care "net profits realized"—it being considered important to know whether the borrower is a prosperous concern, making a fair profit on its turn-over, which being the case, reflects good business ability and aggressive policies.

If a proven capacity for making good profits is expected of commercial houses and manufacturing enterprises, why should it not be expected of banks? During recent years numerous instances have been revealed of banks whose net earnings on the actual working capital employed, which includes, capital, surplus and profits, have not exceeded by any considerable margin the net return which might have been realized by the investment of this working capital in high-grade securities, with the risks incident to doing business eliminated.

"POLICY LOANS" UNPROFITABLE

Competition has been called "the life of trade," and fair, wholesome competition is a stimulant to any line of business, good alike for the public and those engaged in trade; but "pernicious" competition which leads to the acceptance and retention of business known to be unprofitable, for the sole purpose of diverting it from a competitor, must reduce profits.

Recently a well-known banker of the Middle West made the assertion that a large portion of the losses incurred by his bank over a period of years were caused by making "policy loans"—meaning loans made for politic reasons rather than on their loan merits, and that such loans are generally productive of losses.

Almost without exception banks accept a great deal of "policy business;" business known to be undesirable when offered, in the hope that it may bring other business of some value.

My observations lead me to the conclusion that the desirable business seldom arrives.

KNOWING THE COST

An interesting case came to my notice recently which emphasizes most clearly the value of knowing just what profit there is in an account. A printing and stationery supply house maintained a fair account with a large bank, and at the end of 1915 complained of the small volume of orders received from the bank. By agreement with the salesman of the printing house, the purchasing manager of the bank kept a record of bids submitted by the complaining concern and the bids of competitors, on the same orders. At the close of 1916 it was found that the various orders had been purchased from equally substantial houses for $700 less than the bids submitted by the house in question. Analysis of the complaining concern's account showed a profit of $130 for the year.

With the experience of the past two years as a guide, the larger banking institutions must realize that to cling to the principles of safe and conservative banking, and earn a net profit that will absorb unavoidable losses, and permit of the payment of a fair dividend to stockholders, their business must be conducted efficiently and economically.

First in importance is knowing what it costs to do business—the day for guessing has passed—and banks must now know what they are doing.

An analysis department under the supervision of a capable auditor will show whether profit is being made on the various branches of the business and avert many a loss.

Next in importance to finding a cost, is to keep that cost down to a proper level. This is done by good organization. Managers of departments must be men selected not only for their knowledge of the particular business entrusted to them, but also for their ability to supervise and secure results.

Placing employees in the positions for which they are best adapted requires good judgment and firmness. Aptitude for a position is often of more value than experience, and the old rule of seniority cannot be enforced unless all things are equal.

To build up an organization of employees so that men become more valuable with time instead of drones on your hands, calls for the services of junior officers of more than ordinary capacity, a matter that often receives too little executive attention.

Modern equipment and labor-saving devices must be kept up with. It is as important to be up-to-date and efficient in a bank as in a factory.

Intelligent clearing house management accomplishes wonders if properly applied. More importance should be attached to the position of clearing house manager than the mere supervision of the process of clearing checks. A well-informed manager can suggest to the members improvements in their methods of handling business which will often help their profit accounts. St. Louis has an advisory committee in its Clearing House Association, consisting of some of the younger executive officers of banks who have had a practical experience in the routine work of their institutions, and this committee has introduced many improved methods of handling business with profit to all.

The little leaks which constantly drain the reservoir of profits are numerous, but efficient management can stop them. It has always seemed fully as important to me to handle what business we have in an efficient and profitable manner, as to secure a volume of new deposits. If the new business secured cannot be handled profitably, why handle it at all?

With the prospect of low rates, at least for the first part of 1917, meaning scant margins of profits, advantage must be taken of every opportunity to reduce the cost price. My suggestion for a good beginning toward making better profits is to first reduce rates of interest on deposits.

Paragraphs on Tnrift

FRANK C. MORTIMER

¶Men of affairs who take note of what is going on about them are able to judge how far this is true, and to gauge the tendency to spend more than is earned, noting the encouragement which is held out to the man steadily employed to live beyond his income.

¶Whatever basis there may be for such criticism in the present, an appeal to the history of our country will show that no such reproach attached to our forebears. The success of the American people has been brought about by the exercise of energy, thrift, levelheaded management.

¶Through hardship and toil, on the frontier and in the cities, that which has been gathered and saved has become the foundation of all our greatness as a nation.

TALKS ON BUSINESS BUILDING

By W. R. MOREHOUSE

In this and succeeding papers will be presented some practical talks on effective business-getting methods by W. R. Morehouse, assistant cashier of the German-American Trust and Savings Bank, Los Angeles, Cal. As a starter Mr. Morehouse tells of the value of having in a bank some man who leads in sociability—a good "mixer," who will not only make and hold friends for the bank himself, but whose example will cause a spirit of cordiality to permeate the entire institution.—Editor Bankers Magazine.

A GOOD "mixer" is an asset to any bank.

A good "mixer" is a resourceful man, congenial and talented; a man who has the reputation of always respecting the rights and opinions of others, rather than magnifying their weaknesses. He must possess a winning personality, must be the kind of man who attracts other men rather than repels them, a person most people like to meet and to associate with, cordial, generous, cheerful and friendly.

Whether this "mixer" moves in society for pleasure or in business for the love of "the game," he advertises. It is true, he advertises himself; but not without advertising as well the bank with which he is affiliated. His friends, and those who know him only incidentally, like to refer to him by his name and quite as often do they speak of the bank with which he is associated, for in the mind of many the two are synonymous. He is "Mr. Jackson, of the First National Bank," for the mention of his name automatically calls to mind the name of the First National Bank, so closely related are the two.

If he is man of ability, especially in his chosen field, and a ready speaker, he will not be lacking in opportunity to "mix," for demands for his assistance will come from many sources.

Organizations, whether fraternal, social, religious, political or commercial, will welcome him to meet with them, and will consider it a favor to place his name on their respective programs for a "talk."

Opportunities to "mix" usually come thick and fast to the man who is a good "mixer," and who makes it a business to seize every opportunity offered. Let him specialize on meeting people and making friends with them, and he will be the means of drawing much profitable business to a bank.

Not only will a "mixer" secure business from the friends he makes, but many others impressed by his personality, what he does and stands for, will make it a point to patronize his bank. Whether friendship be close or distant, we all like to patronize institutions where friends are to be found. Somehow, their presence gives us assurances that all is well and that when we call we will have the pleasure of doing business with some one we know. If a representative of a bank addresses an organization in which you are interested, or addresses a meeting at which you are present, there springs up at

once a feeling of common interest between you.

Not only does "mixing" make many friends for the person who "mixes" and the bank he represents, but it also makes an opportunity for the bank to advertise through news items in the papers. Whenever a representative of the bank addresses an organization the bank should make it a point to supply the newspaper with an outline of the address, with such other facts as are essential to a proper presentation of the address through the press. Usually, the newspapers will gladly publish the gist of an address by a banker, and especially if he deals with timely financial subjects, national or, preferably, local. Bankers being representative business men, the public reads eagerly all statements made, and discusses them fully among themselves, thus giving an extensive circulation to any statements made.

Not only must a "mixer" be qualified, but he must have ample time and money in order to do full justice to his work. His other work, that is, his other duties, must be more or less elastic so that he can drop them for a period of time and then take them up again. In other words, he cannot conduct his work in accordance with a set schedule.

It is just as essential that a sum of money be set aside to meet the expenses of "mixing," for "mixing" takes money in addition to time. Some banks have an entertainment fund, from which expenses of this nature are met, and which is subject to the check of the one or more persons who have need for such an account.

In many instances, excerpts from a banker's address will be quoted by a newspaper even though weeks have passed since the address was made.

WHO ARE TO BE THE "MIXERS" IN YOUR BANK?

Every person on the payroll. Not all will make professionals in the line, yet there is not a person on the payroll who does not have friends and the ability to make friends. There is not a person who does not belong to some organization, fraternal, social, commercial or political, and therefore, irrespective of financial or social standing, every person can "mix" to a certain degree. But have one person at least, who makes it a point to do professional "mixing" as a matter of advertising.

An Honor Declined

FOR his modesty in declining a statue in his honor, President Li Yuan-hung of the Chinese Republic deserves well of the world's opinion. When he heard of the movement to bestow this honor upon him, the President wrote to the committee proposing it as follows:

"It has come to my knowledge that you gentlemen are starting a movement to collect contributions for the purpose of erecting a bronze statue in honor of myself, and building a pagoda for dedication to the heroes of the revolution. The news has filled me with gratitude and a feeling of modesty. Being a servant of the public, I have done only what forms a part of my duty. How could I claim any merit for it? Nor have I any intention to make a name of it. If you gentlemen think that I have rendered meritorious service to the country because I am now President of the Republic, then there will be legions of persons in this country who will deserve such honors, as the public will have a large number of Presidents in time to come. At present the country is in financial straits. The waste of large sums in this connection will have no beneficial effect upon the country. I shall feel deeply grateful if you gentlemen are kind enough to cancel your resolution."

WHAT BANKERS ARE SAYING

"We must be more liberal in our terms to England and France if we desire to sell them as much as in the past. Before the belligerent nations were equipped for producing their own war necessities, they were willing to pay us in any form we dictated. The economic structures of the various countries have now adapted themselves to war conditions and it seems to me that the war could continue almost indefinitely so far as economic exhaustion is concerned."—JOHN E. ROVENSKY, *Vice-President National Bank of Commerce in New York.*

TARIFF REVISION NECESSARY

"What have we got to do when peace comes? First to mind is the revision of the tariff. That is fundamental. The tariff question is intimately related to the labor problem. We cannot allow too much of the cheap labor commodities of Europe to come in after the war. We are in danger of serious labor disturbances when the high-priced men have to go back to normal salaries."—G. M. REYNOLDS, *President Continental and Commercial National Bank, Chicago.*

NO DANGER OF INFLATION

"Since the outbreak of the European war this country has brought in from other nations a billion dollars of gold. It has shipped away approximately 250 million dollars, and its net receipts of the precious metal since August, 1914, have consequently amounted to approximately 750 million dollars.

"With the checks and balances and safeguards now available through the operations of our Federal Reserve System, with the regulation of credit and with intelligent coöperation on the part of the bankers of our country, with which the Federal Reserve System and the Comptroller of the Currency are in such close touch, it is believed that ample means are available to check unhealthy expansion and put the brakes on speculative inflation if such dangers should become imminent."—JOHN SKELTON WILLIAMS, *Comptroller of the Currency.*

RESPONSIBILITIES OF NEW YORK BANKERS

"This day we are beginning to see coming toward us like a dark cloud the condition which is likely to confront us through the readjustment of things in Europe. No class of men have such an opportunity for service as you bankers of New York. If things should keep on as they are now, this state is going to be the banker of the world. In any change that may occur, in any readjustment that may take place, your influence will be very great."—EUGENE LAMB RICHARDS, *New York State Superintendent of Banks.*

REQUISITES FOR ECONOMIC GROWTH

"With our wealth, our opportunities, our geographical situation, if we are a united people, free from internal antagonism and unnecessary troubles, friendly to each other and also to the people of all other nations alike, and with reasonable coöperation between the business interests and the government, we are impregnable. We can and should continue to be the leading nation. Our future depends largely upon ourselves.

Reason, prudence, caution, courage, justice, coöperation and conciliation are requisites to economic growth and strength. They have become prominent in our deliberations and practice. The foundation for optimism as to the long future of this country is solid. The business man has many reasons to be hopeful, but there are signs of future uncertainty."—ELBERT H. GARY, *Chairman of the United States Steel Corporation.*

CO-OPERATION NEEDED AMONG SAVINGS BANKERS

"Through coöperation great difficulties may be overcome. Not alone in legislation but in better methods of administering our banks, of obtaining the good will of the public, of greater proficiency in the selection of securities. The business of savings banking becomes exceedingly interesting if a thorough study is made of its various functions. The inducement is measurably increased through meeting with other savings bankers, not only in your own state, but those of the west, south and middle west. Meeting, I mean, more in coöperation to further nationally the aims of the savings banker."—GEO. E. EDWARDS, *President Dollar Savings Bank, New York.*

DON'T NEED ANY MORE GOLD

"Not only is it true that we do not need gold. We are better off without it. At present, there is too much inflation of home credit, due partly to our unusual imports of gold, and partly to the expansion inseparable from the inauguration of the Federal Reserve System and the cheap credit which it induced. Nothing is more dangerous than credit which is too cheap."—ELLIOTT C. MCDOUGAL, *President of the Association of the State Banks of the State of New York.*

The Magazine Within the Bank

MANY banks have recently started the publication of monthly bulletins to circulate among their employees. The aims and ideals of such a plan are very well expressed by Edward Vanderpoel in "Commerce Monthly," published by the National Bank of Commerce in New York. He says:

"A big bank growing bigger—growing so fast that we are almost breathless in the race to keep up with its phenomenal expansion, presents new and interesting problems. Not the least of these is how to introduce and assimilate new accessions to the staff, and how to familiarize those who have assumed other responsibilities with their new duties.

"The Commerce Club, which recently started under such auspicious circumstances, has already proved itself a tremendous success. But because the busy days are so crowded with cares for our customers' welfare that we have little opportunity to think of personal matters, the 'Commerce Monthly' must be the medium by which the whole 'Commerce' family can learn at their leisure of their companions' jolts and joys, tribulations and triumphs. As we receive the impetus derived from the inspiring and practical ideas of the various contributors, especially the valuable benefit of the experience of highly trained men on our official staff; as we learn the detailed workings of other departments and see how each one plays its part in the development of the whole organization; each individual will gradually lose the idea of being just a clerk in this or that department, and will more properly think of himself as having a responsible share in the growth and maintenance of our vast business.

"With increasing appreciation of our connection with the magnificent institution whose tremendous resources are being employed in an ever-widening scope of international importance, our word to outsiders is: 'Watch us grow'; but as for ourselves—we do the growing."

BANKING SERVICE for WOMEN

General and Special Reasons for a Woman's Department

WHY should banks make special provision, or any provision, in fact, for serving women?

To answer the last part of the question first, a sufficient reason would seem to be that, according to the Federal Census of 1910, there were 44,639,989 females in the United States. At the present time there are probably 50,000,000.

Banking provision for women should be made, then, because there are 50,000,000 women to bank for.

The fact that many of these which the census classes as "females" are children does not materially alter the aspect of the problem as to its size, though it may modify to some extent the direction which preparation for banking service of this character should take.

But admitting the large number of women who have need of banking facilities, why are they not adequately served by the facilities already provided for men? Why should banks, in the service they offer, make any distinction on the grounds of sex any more than they do on the ground of race, or color, or creed? Is not a bank really a democratic form of organization, and should not it afford to all patrons the same security and the same service?

There are many solid reasons for giving an affirmative reply to this latter question. And, indeed, banks cannot make any real discrimination between its male and female patrons.

But it can make a difference in the form of presenting its facilities to men and to women, using in each case that which is most effective, and may properly establish a "Woman's Department" as a means of attracting women as patrons; but once inside the bank, both men and women stand on a substantial equality as to the treatment they receive. There is no distinction as to security, none of real moment as to facilities. Possibly the woman may appreciate a room for her use more daintily furnished than the man cares for; she may, or may not, wish more elegant check-books and stationery. But as a matter of fact, each wants what is adequate and appropriate, and this furnished, no basis for complaint exists on either side.

But the reasons for a Woman's Department in the bank lie much deeper than the surface daintiness of the prettily-furnished rest-room, with its air of repose, comfort and elegance. They touch some of the most vital problems of the economic life of the nation.

Women are the chief custodians of the household purse. They determine whether family expenditures shall be large or small.

Upon woman lies the greater share of responsibility of educating the children in habits of saving.

Women are now engaged as employees in many lines of industrial activity and in large and increasing numbers, earning in wages sums of money

which, if placed in banks, to the extent of the surplus not actually required, would have a most important effect on the banking and economic system of the country.

The successful business woman has precisely the same need of banking facilities as has the successful business man, and the women who are in business for themselves now number many thousands.

Women as inheritors of money and other forms of property, and as beneficiaries of life insurance policies, need to use banks as places of safety, and require the service of the trust company in caring for their property, and of the banker skilled in investments in seeing that their wealth is properly conserved.

Women are custodians in a peculiar sense, of the treasured family goods, and often of important papers, bankbooks, etc., and themselves have, in many cases, jewels of value, making them the most likely patrons of the bank's safe deposit department.

Finally, although it may savor of sentiment rather than of business, to say so, woman as the finest element of society is worthy of the very best service the banks can offer so that she may do her appointed work in the world and help in caring for the earnings of others and be properly helped in caring for her own earnings as well.

Proposed Amendments to the Federal Reserve Act

[From a Pamphlet Issued by the Mechanics and Metals National Bank of New York.]

BY the amendments proposed by the Federal Reserve Board, to be made in the Federal Reserve law, the following general results would be brought about:

The Federal Reserve Board would have authority to:

Call upon national banks at any time to increase their balances maintained at the Reserve banks.

Extend to non-member state banks and trust companies the clearing and collection facilities of the Federal Reserve system.

Receive mutual savings banks into the system, as associate members.

Permit national banks to accept up to 100 per cent. of their capital and surplus in transactions involving exports and imports.

The Federal Reserve Banks would be permitted to:

Issue notes against gold and gold certificates.

Issue notes against deposits of gold, and then count that gold as part of the reserve required against new note issues.

Issue Federal Reserve bank notes against deposits of United States three per cent. one-year notes.

The Federal Reserve agents would be permitted to:

Appoint their own assistants, with full power to act in their stead.

National banks, under regulations and restrictions, would be permitted to:

Carry as little as five per cent. of demand deposits in cash in their vaults.

Use their discretion as to the character of specie and currency carried as vault reserve.

Accept up to 100 per cent. of their capital and surplus, in transactions involving exports and imports.

Maintain no further deposits of government bonds with the United States treasurer.

Secure Federal Reserve bank notes on deposit of United States one-year three per cent. notes.

National banks would be required to:

Increase their reserves maintained with Federal Reserve Banks.

Comply with demands of the Federal Reserve Board, at any time, to increase by twenty per cent. their balances maintained at the Reserve Banks.

State banks and trust companies would be permitted to:

Avail themselves of clearing and collection facilities of the Federal Reserve system.

Mutual savings banks would be permitted to:

Become associate members of the Federal Reserve system.

Bank of the United States

Philadelphia, February 8, 1917.

Editor BANKERS MAGAZINE:

Sir—You have been suggested by Mr. John W. Morrison, Deputy Commissioner of Banking of Pennsylvania, as the proper party for me to ascertain from the status of the Bank of the United States, which was doing business in Philadelphia around 1841.

A client of mine has presented a certificate of shares of stock in that bank and I am anxious to find out the value, if any, it has at this time. If you are able to give me any information in this matter I will appreciate it and will thank you for as early a reply as possible to this inquiry.

Mr. Morrison has suggested that possibly the United States Bank of Pennsylvania succeeded the bank in question, it having been granted a charter by the Governor of Pennsylvania in 1836.

Very truly yours,

WILLIAM P. COLE, JR.

Regarding your inquiry as to the value of shares of stock in the United States Bank of Philadelphia, I would respectfully refer you to the following on page 78 of Knox's History of Banking.

The $7,000,000 of stock held by the United States, previous to the change to a state charter, was paid back in full, and the government realized a very handsome profit upon its investment, as will appear by the following statement derived from the records of the Treasury Department:

Bonus paid by bank to the United States	$1,500,000.00
Dividends received from the bank	7,118,416.29
Proceeds of stock sold and other moneys received from the bank	9,424,750.78
Total	$18,043,167.07
Subscription to capital stock paid in United States five per cent bonds	7,000,000.00
Interest paid by United States on same	4,950,000.00
	$11,950,000.00
Profit on investment......	$6,093,167.07

The history of the United States Bank under its Pennsylvania charter, subsequent to the crisis of 1837, was a most disastrous one. It suspended specie payments during the ticklish period of 1837 to 1841 as often as other state banks and finally went down under circumstances that might, with prudent management, have been turned to a successful result. It made three several assignments in 1841 to secure various liabilities, the last and final assignment being on September 4 of that year.

The final result of the liquidation of the bank was briefly stated in a letter to the author from Thomas Robins, Esq., then president of the Philadelphia National Bank, who was the last survivor of its numerous assignees:

"All the circulating notes of the Bank of the United States together with the deposits, were paid in full, principal and interest, and the accounts of the assignees were finally settled in 1856. There were no funds, and no dividend was paid to the stockholders of the bank; the whole twenty-eight millions of dollars were a total loss to them."

Observations of a Country Banker

By W. LIVINGSTON LARNED

THESE are boom times in the country—and I refer particularly to farming country. New silos are going up—new automobiles and tractors rolling into the yard—new paint on the big house. But the part I like is the new clothes on the women. Out in our section, somehow, the women on the farm come last, when money pinches. It's their own sweet sacrifice—they patch up last year's duds and make 'em do. I drove over to Westbury, to the little white meeting-house last Sunday and it did my eyes good to see some of the prosperity on the backs of the mothers and the children. Saving is the "Saving Grace," good times or bad, but when a man wants to fit out his family with fumdiddles for their own backs, I'm willing to let the bank wait another month for ITS share.

* * *

I THINK I've said before that Prosperity shines in the faces of folks and makes itself felt in a community in a thousand mysterious ways. The truth of the statement was driven home to me during my drive to Westbury. Every mile of the trip was paved with the spirit of healthy optimism. Barns were spic and span and bulging with goodies. I could see new harness and new wagons and new happiness everywhere. As I passed the farm houses women were singing in their kitchens, and I want to say right here and now that there is no surer barometer of how things are going. Women can't help singing when they're happy and contented. They're like birds in that respect. As I knelt in the little white church that seems almost to have crept up the hill and waited to rest, under Morgan's Oak, I offered up a prayer of thanks to the Almighty for having made the farmers prosperous. And I prayed, too, that it would continue. They deserve it. It's been a long time coming in some sections.

* * *

"WHAT'S the use of saving up money?" said a thoughtless friend of mine; "it's the Law of Life that something will happen to make you have to draw it out, when you've put aside a decent amount." Rather clumsy logic, isn't it? The very fact that there comes an hour when you need money—and need it badly, is sufficient justification for being frugal. After all—money is to spend—it's HOW you spend that causes all the trouble.

* * *

HERE'S a peculiar scheme for saving that I ran across the other day. It's the discovery of a shrewd down-east Yank. He has a big heart and a generous disposition.

I make this explanation in advance, to keep you from being prejudiced.

He fell into the way of spending just half of what he had first intended and the half he saved he ran and put in the bank. For example: If it suddenly occurred to him to buy a thirty dollar suit of clothes, he looked around until he located one at fifteen. If he started to buy a three-dollar bag of corn, he'd get just half as much. He didn't cheat himself, either. He looked further for clothing values, and didn't waste corn. Try his scheme in a diluted way for a month and see what happens. You'll probably find you've been squandering the necessities of life as well as the luxuries.

* * *

A GREAT deal has been written about and against the sons of rich men. I've seen several of 'em completely cured, in my neck of the woods, by being given a responsibility to shoulder. There was Ted McLoughlin, son of Old Man McLoughlin, who is the brains of the large sugar refinery down on Cooper Creek. After coming back from college, he wore a path to the bank cashing small checks he'd wheedle out of his Dad. "Put five thousand on deposit in his name and tell him to make it more," I suggested; make him custodian of that money. Mix a lot of pride and honor in with the deal. Tell him he's a man now and that you believe he'll pile up a better showing than his own father."

"It stuck in the lad's brain. When things had been put up to him in that manner, his own self-respect wouldn't permit him to dip into the five thousand. And so he added to it —knuckled down and made good."

* * *

BACK of some of the biggest and snuggest accounts in our bank, you'll find a little woman—if you are inquisitive enough to investigate. On the surface, it would appear that Jim and John and Tom should receive the credit for the Fat Balance. But oh, the quiet, unassuming, heroic work of the wives who make saving a habit. It often takes a deal of nagging to make a man see the sense of being careful with his own money.

* * *

I ONCE overheard a lively discussion between man and wife. She had been admonishing him for his spendthrift ways.

"It's my money—I earn it—I've got a right to spend every cent, if I want to."

That was what HE said.

"I am your 'partner'—you made me one when you married me. It's cheating your partner to spend foolishly. I should be consulted when money is to be spent. I have a moral right, aside from the legal one. When you squander, you place my future and the future of our children in jeopardy."

That's what SHE said.

Oh! the monstrous egotism of some selfish men. They seem to forget that earning money is comparatively easy. Supreme wisdom is in SAVING it. Men can't adjust their viewpoints. They blame a woman if she spends—they blame her if she insists upon saving.

Canadian Banking and Commerce Annual Review

By H. M. P. ECKARDT

IN 1916 as in 1915 banking development in Canada has been along the same lines as in the United States. The outstanding features have been extraordinary growth of deposits, and largely increased holdings of securities, with expansion of current loans and discounts. It will be interesting at the outset to compare the movement of deposits as shown respectively by the national banks of the United States and the Canadian chartered banks. At the date of writing the latest available abstract of condition of national banks is that for November 17, 1916; and therefore the national banks will be taken as at that date and the Canadian banks as at November 30.

With reference to the large increase of deposits of "banks and bankers" as shown by the national banks, it is probable that duplication of figures would occur to a certain extent—that is to say, a considerable amount of money reported by the national banks at interior towns and villages as individual deposits, would appear a second time in the statements of the large national banks in reserve centres as deposits of banks and bankers. If due allowance were made for this peculiarity it is likely that the percentage gain of the national banks would be approximately the same as that shown by the Canadian banks.

It is known, moreover, that growth

UNITED STATES NATIONAL BANKS (000's omitted)

Deposits	Dec. 31, 1915	Nov. 17, 1916	Increase	Per Cent.
Individual-demand	$6,223,842	$7,322,688	$1,098,846	18
Individual-time	1,417,417	1,816,446	399.029	28
Banks and bankers	2,727,168	3,339,628	612,460	22
Totals	$10,368,427	$12,478,762	$2,110,335	20

CANADIAN BANKS (000's omitted)

Deposits	Dec. 31, 1915	Nov. 30, 1916	Increase	Per Cent.
Individual-demand	$423,690	$459,277	$35,587	8
Individual-time	720,990	836,593	115,603	16
Government	47,116	63,271	16,155	34
Of foreign banks	10,800	16,115	5,315	49
At foreign branches	134,650	162,207	27,557	20
Totals	$1,337,246	$1,537,463	$200,217	15

The figures show that the expansion in Canada has not been relatively as great, but it is noteworthy that Canada's increase of deposits has been mainly in the time or notice deposits, while the increase shown by the national banks is chiefly in the "demand" balances of individuals and in bankers' balances.

of bank deposits in the United States in 1916 was primarily due to the enormous sales of natural products and manufactured goods to Europe at high prices, and to the large flotations of new securities in the American markets. Similarly, Canada's banking expansion may be traced in large measure to the

heavy sales of produce, munitions and other supplies to the Entente Allies, and to issues of new securities in the home and foreign markets.

Taking the whole calendar year, the total assets of Canadian banks show an increase of $210,000,000. At the end of the year the amount was $1,948,044,256. For the calendar year the increase of deposits was $189,000,000 as compared with an increase of $176,000,000 in 1915. The bank notes in circulation on December 31, 1916, $148,785,287, represented an increase of $26,600,000 over the total shown for December, 1915. This increase of paper money in circulation has been one of the notable features of Canadian banking in 1916. Every month showed a substantial increase over the corresponding month of 1915; and in the fall of the year the excess over the circulation figures of 1915 rose to $30,000,000, or about thirty per cent. Notwithstanding the expansion of the bank note currency in 1916, Canada is not open to the charge of having unduly inflated her currency. The bankers have kept the unsecured or uncovered issues strictly within bounds. The normal note issue of a Canadian bank is the paid-up capital. Up to that amount the bank may issue notes against its general assets without specific security apart from the five per cent. redemption fund in the hands of the Ottawa Treasury. Prior to the war this portion of the note issue was free from tax, but since January 1, 1915, it has been subject to tax of one per cent. a year.

A bank wishing to issue its own notes in excess of paid-up capital has the choice of two methods. It may deposit gold or Dominion legal tender notes in the Central Gold Reserves equal to the excess; or it may over-issue to the extent of fifteen per cent. of its paid capital plus surplus subject to tax at five per cent., without specific cover or security other than the five per cent. redemption fund. Before the war this power of issue was confined to the crop-moving season—from September 1 to February 28 inclusive—but since August, 1914, the banks have had permission to resort to these special uncovered issues throughout the whole year. Instead of resorting extensively to the uncovered excess issues, the bankers have elected to cover practically the whole of their excess issues by depositing dollar for dollar in the central reserves. To show how generally this policy was followed, a table of excess issues of bank notes during 1916 is given:

EXCESS ISSUES OF BANK NOTES, 1916

Month	Excess	Covered by Deposits in Central Reserve	Uncovered Subject to Tax
January	$5,333,120	$5,104,792	$228,328
February	6,863,784	6,578,016	285,768
March	8,814,226	8,456,865	357,361
April	11,150,446	10,516,718	633,728
May	8,569,032	8,440,522	128,510
June	14,056,328	13,538,863	517,465
July	14,132,506	13,578,852	553,654
August	13,886,269	13,424,681	461,588
September	23,553,740	22,697,457	856,283
October	32,029,379	30,821,079	1,208,300
November	34,906,083	34,150,019	756,064
December	35,680,490	35,088,664	591,826

The significance of the table is better perceived when it is mentioned that throughout the year the banks had the authority to issue uncovered excess notes to the amount of $34,000,000.

There is one point in connection with the currency question which should be brought out. It is that the deposits in central gold reserves covering the excess issues consist largely of Dominion notes which, though legal tender, are at the present time inconvertible. Thus, on December 31 the banks had alto-

gether in central reserves $43,700,000, which was $8,600,000 more than legally required. Of this total $31,740,000 represented Dominion notes and $11,960,000 represented gold. However, the Dominion notes, though inconvertible for the time being, are well backed by gold—the total outstanding as at December 31, 1916, being $181,047,531, and the gold reserve held there against being $114,131,731, or sixty-three per cent.

With reference to the banking policy it is also to be remembered that immediately after the war broke out the Dominion Parliament relieved the banks from the obligation of paying their debts in legal tender—but the clearing-house executive notified all banks that at all central clearing points, balances or differences must be met as heretofore with legal tender, and that rule has prevailed throughout.

The banking position as at December 31, 1916, and December 31, 1915, is shown in the accompanying table:

LIABILITIES

	Dec. 31, 1916	Dec. 31, 1915
Note circulation	$148,785,287	$122,199,582
Dominion Government deposits	24,639,227	28,446,549
Provincial Government deposits	18,370,320	18,670,317
Deposits of the public (demand)	458,208,417	423,690,384
Deposits of the public (notice)	845,006,717	720,990,267
Deposits elsewhere than Canada	162,860,614	134,650,183
Deposits of other banks in Canada	8,937,287	17,930,343
Due to banks in Great Britain	3,791,895	4,433,911
Deposits of banks in foreign countries	17,595,054	10,800,160
Bills payable	5,241,612	3,850,245
Acceptances under letters of credit	9,131,318	9,070,694
Other liabilities	4,380,720	4,550,981
Total	*$1,706,948,568	*$1,499,283,690
Capital paid	113,346,341	113,987,577
Rest, or surplus	113,383,343	112,457,333
Profit and loss balance	14,366,004	12,263,644
Total	$1,948,044,256	$1,737,992,244

ASSETS

	Dec. 31, 1916	Dec. 31, 1915
Specie	$71,172,169	$67,995,610
Dominion notes	124,750,241	145,547,870
Circulation redemption fund	6,861,475	6,775,205
Deposits in central gold reserves	43,700,000	17,360,000
Notes and checks, other banks	96,537,562	78,911,720
Deposits in other banks, Canada	6,090,068	15,136,161
Due by banks in Great Britain	25,972,563	28,655,500
Due by banks in foreign countries	50,448,693	74,143,694
Dominion and provincial securities	31,092,081	15,747,625
Canadian municipal, etc., securities	167,578,788	39,978,766
Railway and other bonds	64,107,540	66,768,836
Call loans, Canada	82,569,983	84,228,155
Call loans elsewhere	173,878,134	137,157,869
Current loans, Canada	820,378,557	775,517,947
Current loans, elsewhere	76,396,720	58,479,739
Loans to Dominion Government	3,970,000	13,514,895
Loans to provincial governments	1,967,743	5,461,553
Loans to municipalities	24,056,797	30,878,028
Overdue debts	5,760,812	6,631,832
Real estate, other than premises	5,424,961	4,332,764
Mortgages on real estate	1,804,484	1,631,441
Bank premises	49,788,940	48,494,523
Liabilities of customers under letters of credit	9,131,318	9,125,694
Other assets	4,604,451	5,516,648
Total assets	*1,948,044,256	*$1,737,992,244

*Differences in addition due to omission of cents.

Immediately Available Reserves

	Dec. 31, 1916	Dec. 31, 1915	Per Cent. of Whole 1916	1915
Specie	$71,172,169	$67,995,610	16	15
Dominion notes	124,750,241	145,547,870	28	32
Surplus in central reserves	8,611,336	7,162,685	2	1½
Net foreign bank balances	72,629,361	98,365,283	16	21½
Foreign call loans	173,878,134	137,157,869	38	30
	$451,041,241	$456,229,317	100	100

The ratio of immediately available assets to net liabilities has been well maintained. At the end of 1916 it stood at 29.12 per cent., as against 33.20 per cent. at the end of 1915. The 1915 figure, however, was quite abnormal; and a moderate recession from that level signifies nothing. The circumstances of the time have compelled the banks to carry very large amounts at call in New York and London, especially in New York. In the first place funds in New York were created by the flotations of new Canadian securities in that market. The most important issue was the Dominion Government's $75,000,000 loan on April 1, 1916, consisting of five, ten and fifteen year five per cents. Proceeds of this loan, amounting to something over $70,000,000, were paid over by J. P. Morgan & Co. to the Bank of Montreal in the first week of April. The effect of this transaction, along with the credit of $50,000,000 granted in the same month by the Canadian banks in association to the Imperial Munitions Board (as representing the British Government) was to swell the total deposits of the banks $120,000,000 as compared with March, and also to greatly enlarge the balances and call loans in New York. How strongly the external reserve has been maintained is shown by the table herewith.

The external reserve fund has been constantly replenished by means of the other issues of Canadian securities in the American market, and by the steady stream of Canadian grain bills negotiated in New York. The bankers have been extremely cautious in the matter of transferring these funds home to Canada, recognizing that speculative excesses should not be encouraged and that strong reserves in New York constituted a most valuable provision for emergencies.

For purposes of record it will be well to specify the various extraordinary credit transactions carried through by the banks in Canada during 1916. In the first place they financed the greater part of the payments due on the Dominion's first domestic war loan of $100,000,000. In the first five months of 1916 installments of the war loan to the amount of $86,000,000 were met. Then in September, October, November and December, the full amount of the second war loan of $100,000,000 was paid in. The chartered banks took $22,000,000 of the first loan and entered

(000's omitted)	Net Amount Due by British Banks	Due by Banks in Foreign Countries	Foreign Call Loans	Total
November, 1914	*$695	$37,078	$74,459	$112,234
February, 1915	1,786	32,729	89,890	124,406
May, 1915	8,572	36,481	136,098	181,152
August, 1915	16,632	49,990	120.607	187,230
November, 1915	26,867	55,431	135,530	217,829
February, 1916	18,722	70,999	139,138	228,859
April, 1916	17,260	114,804	147,146	279,211
June, 1916	16,103	75,384	182,757	274,244
August, 1916	18,833	66,309	171,380	256,523
October, 1916	26,157	71,159	189,346	286,663
December, 1916	22,180	50,448	173,878	246,507

*Net amount due to British banks.

their subscriptions for $50,000,000 of the second loan, conditional upon the subscriptions being required. As the loan was largely over-subscribed the banks were not required to contribute. In case of both loans there were large subscriptions from the United States, estimated at $20,000,000 in all, or $10,000,000 for each loan. Then in addition to the credit of $50,000,000 to the Imperial Munitions Board in April, the banks made further advances in May and June, bringing the aggregate up to $100,000,000. Against these loans they received British Treasury bills with currency of one year, and at the end of December they consequently held $100,000,000 of these bills, which would commence to run off in April, 1917. In August and September a $30,000,000 loan to the Dominion Government on three months' notes was made—this loan being repaid in November and December.

In all of these transactions the twenty-two chartered banks acted as a unit through the executive council of the Canadian Bankers' Association—each bank being allotted its pro rata share of all loans, and the details of the loan payments being worked out so as to produce the minimum effect on the money markets. Consequently there was practically no disturbance at any season, not even during crop-moving, and the rate of interest did not fluctuate to any appreciable extent at the financial centres or at other points.

In December half a dozen of the large banks combined to lend $20,000,000 to the British Government to facilitate purchases of grain in the Dominion—this loan following shortly after the loan of $25,000,000 made for the same purpose by a syndicate of New York banks headed by the Corn Exchange Bank.

The net profits and dividends of the banks for the years 1915 and 1916 are appended.

NET EARNINGS OF CANADIAN BANKS

	Bank	Year Ended	Net Profits 1916	Net Profits 1915	Dividend Paid 1916 Per Cent	Dividend Paid 1915 Per Cent
	Bank of Montreal	Oct. 31	$2,200,471	$2,108,630	12	12
(1)	Quebec Bank	Oct. 31	....	233,420	..	7
	Bank of Nova Scotia	Dec. 31	1,252,039	1,220,057	14	14
(2)	Bank of Brit. N. Amer.	Nov. 30	....	328,595	..	8
	Bank of Toronto	Nov. 30	730,954	663,074	11	11
	Molsons Bank	Sept. 30	582,356	556,194	11	11
	Banque Nationale	Apr. 30	341,003	333,207	8	8
	Merchants Bank of Canada	Apr. 30	950,714	995,431	10	10
(3)	Banque Provinciale	Dec. 31	187,483	181,802	7	7
	Union Bank of Canada	Nov. 30	651,184	659,688	9	9
	Canadian Bank of Commerce	Nov. 30	2,439,415	2,352,035	12	12
	Royal Bank of Canada	Nov. 30	2,111,307	1,905,576	12	12
(4)	Dominion Bank	Dec. 31	947,615	848,741	12	12
	Bank of Hamilton	Nov. 30	442,525	424,274	12	12
	Standard Bank of Canada	Jan. 31	563,401	621,463	13	13
	Banque d'Hochelaga	Nov. 30	546,011	530,237	9	9
	Bank of Ottawa	Nov. 30	591,205	531,268	12	12
(5)	Imperial Bank of Canada	Apr. 30	998,960	1,026,359	12	12
	Home Bank of Canada	May 31	133,406	163,929	5	7
	Northern Crown Bank	Nov. 30	128,761	100,790	..	..
(6)	Sterling Bank of Canada	Apr. 30	136,646	115,111	6	6
(7)	Weyburn Security	Dec. 31	....	53,844	..	5+10
	Total		$15,935,456	$15,953,725		

(1) Quebec Bank was absorbed by Royal Bank of Canada, and has issued no report for 1916. The Quebec Bank was one of Canada's oldest banks—founded in 1818.
(2) Bank of British North America results for year ending November 30, 1916, not published at date of writing. Delay arises on account of head office and court of directors being domiciled in London, England.
(3) Banque Provinciale profits 1915 and 1916, less taxes.
(4) Dominion Bank profits 1915 and 1916, less taxes.
(5) Imperial Bank profits 1915 and 1916, less auditor's fees.
(6) Sterling Bank profits 1916, less taxes
(7) Weyburn Security Bank 1916 profits not published at date of writing. This bank in 1915 declared a stock bonus of five per cent. on subscribed capital (equal to ten per cent. on paid capital) in addition to the regular five per cent.

PROFITS AND DIVIDENDS

The net profits, as appearing in the table, were approximately the same as in 1915, and when allowances are made for the three banks not yet reported for 1916, an increase of something like $500,000 is indicated. This, however, does not show the full extent of betterment. In 1916 the banks appearing in the table as having reported, appropriated $960,000 for depreciation of assets, etc., the appropriations being subsequent to declaration of profits; whereas in 1915 the appropriations for this purpose amounted to $3,280,000. There is thus indicated a further net gain of $2,320,000, making the total gain for 1916 roundly $2,800,000. In view of the great enlargement of the funds of the banks, the increase of $500,000 in net revenue from operations looks comparatively small. Perhaps the smallness of the increase may be accounted for by substantial appropriations for depreciation, etc., prior to declaration of profits and therefore not shown in the annual reports.

As indicated by the table, dividends have been well maintained—no decreases appearing in case of any bank the annual report of which has been issued. The Bank of British North America, however, reduced its rate in 1916, and apparently the rate paid for the fiscal year will work out at seven per cent., as against eight in 1915.

Again in 1916 Canada experienced no bank failures. An important amalgamation was arranged in the last quarter and went into effect on January 2, 1917. The Royal Bank of Canada absorbed the Quebec Bank, an institution possessing $22,000,000 of assets. As the footnote to the table indicates, the Quebec Bank was one of Canada's oldest banks—the Bank of Montreal being the only institution senior to it, and this difference in age as between the two institutions being only one year. On completion of the merger the Royal's assets were approximately $272,000,000, and the number of chartered banks in active business fell to twenty-one.

From the point of view of Canadian banking the year 1917 appears to offer a prospect of active employment for all available banking funds, and some improvement of earnings may reasonably be expected. On the other hand, expenses of operation, including taxes, have steadily risen, and bank stockholders in general do not look for increased dividends.

PRODUCTION AND TRADE

The 1916 crops in Western Canada were badly damaged by rust, and a great falling off occurred in the number of bushels of grain produced. However, throughout the first eight or nine months of the year, the grain produced in the fall of 1915 was flowing steadily into the terminals, and in the fall of 1916 considerable quantities of old wheat came forward along with the new crop. During the shipping year ended August 31, 1916, 282,021 cars of wheat were inspected at Winnipeg and west—the highest number in any preceding year being 137,403 cars in 1914. As prices were abnormally high throughout the whole year, the agricultural community enjoyed prosperity in large degree. Taking the three western provinces, Manitoba, Saskatchewan and Alberta, the comparison of yearly production back to 1907 is shown by means of the accompanying table:

	Wheat Bushels	Oats Bushels	Barley Bushels
1907	70,922,584	74,513,000	19,187,000
1908	96,863,689	108,987,000	24,050,000
1909	119,200,000	163,998,000	30,542,000
1910	101,236,000	108,301,000	7,130,000
1911	169,725,000	185,570,000	33,300,000
1912	196,000,000	224,500,000	49,600,000
1913	188,878,000	208,308,000	35,432,000
1914	134,445,000	150,474,000	28,900,000
1915	370,000,000	305,680,000	33,000,000
1916	160,000,000	232,409,000	22,862,000

For the whole of Canada the wheat yield for 1916 is placed by the Census Bureau, in a bulletin issued January, 1917, at 220,000,000 bushels, as against 426,000,000 bushels in 1915. The department estimates the value of grain, root and fodder crops in 1916 as $808,-054,000, against a revised valuation of $841,297,000 for the 1915 yield. The tremendous movement of wheat throughout 1916, besides increasing bank deposits, swelled the bank clearings and the railway earnings, and provided the banks with large amounts of sterling exchange for negotiation in New York.

THE MUNITION INDUSTRY

Present expectations are that the munition industry in Canada will be quite as active in 1917 as during the preceding year, and the output may be considerably larger. According to the January, 1917, commercial letter of the Canadian Bank of Commerce, the value of the output throughout 1916 approximated $1,000,000 per day, and, as regards 1917, the Minister of Finance recently announced that the amount of munition orders would reach $500,-000,000. It is understood that there has been a transfer of a considerable amount of shell business from the United States to Canada. Apparently the British authorities have given Canada to understand that the Dominion can have all the orders she can finance. This financing involves the granting of extensive credits to the Imperial Munitions Board and the banks and the Dominion Government are acting in close coöperation in the matter. There are now 600 establishments in the Dominion engaged in this line of industry.

It was noted in last year's review of Canadian banking and commerce that the average monthly export by Canada of manufactured goods for the twelve months ending November 30, 1915, was $11,500,000, as compared with an average monthly export of $4,000,000 before the war. Since November, 1915, there has been further large expansion, and for the calendar year 1916 the manufactured exports will average about $37,000,000 per month. This reflects the rise of the munition business.

THE EXPORT SURPLUS

The excess of exports in 1916 was considerably greater than in 1915. Herewith is the comparison of foreign trade figures for the two years (the figures being for the year ending November 30 in each case):

(000's omitted)	1915	1916	Increase
Imports (merchandise)	$435,342	$744,403	$309,061
Exports (merchandise)	598,742	1,073,509	474,767
Total trade	$1,034,084	$1,817,912	$783,828

Thus the excess of exports for 1916 was $329,000,000, as against an excess of $163,000,000 in 1915—an increase of over 100 per cent. In the calendar year 1913, the excess of imports was $245,000,000, so as compared with three years ago, the improvement of balance was $574,000,000. The trade balance of $329,000,000 in Canada's favor in 1916 would provide for the $150,-000,000 required to meet the interest on her external debt, leaving a surplus of $179,000,000, which apparently has been largely invested in British Treasury bills. It is noteworthy that the Canadian activity in munition manufacturing involves enormous purchases of raw materials, machinery, etc., in the United States, and the rise of $309,000,000 in Canadian imports is largely attributable to these purchases. While the exports of war material will perhaps be greater in 1917 than in 1916, it is likely that grain exports during the first nine months of 1917 will be well below the figures shown for the corresponding period of 1916.

The mineral production in 1916 is understood to be in excess of the 1915 totals—the abnormally high prices stimulating the production of iron, copper, nickel, silver and coal. Immigration from the United States to Canada shows a slight increase—the number of settlers

coming during the eight months ending November 30, 1916, being 39,581, as against 36,937 for the whole year ending March, 1916. This is at the rate of about 60,000 for a full year. It falls far short of the yearly total for the period 1910 to 1914 inclusive—in that period the immigration of Americans averaged about 120,000 per year. The improvement seen in 1916 was probably due to the high price of wheat and other grains. Of course, the immigration from Europe has been practically at a standstill since the outbreak of war.

Trust Companies Banquet

MEMBERS of the Trust Company Section of the American Bankers' Association had their seventh annual banquet at the Waldorf-Astoria, New York, on the evening of February 26, with Uzal H. McCarter presiding. There were present many trust company officers and bankers from various parts of the country. American flags on the walls and tables and numerous patriotic references in the speeches gave special significance to the occasion.

The principal addresses were made by Hon. E. C. Stokes, ex-Governor of New Jersey, and Sir Edmund Walker, president of the Canadian Bank of Commerce. Governor Stokes's address was especially aimed to combat the idea that American patriotism was dead. He showed that in every crisis of our history American character had been vindicated, and he vigorously asserted that this would be the outcome of the present situation. Here are some of the other points of his address:

"As a national banker I have profound admiration for trust company magnates. We national bankers have never been able to do better than to hold the assets of our patrons while alive. You seem to be able to control their business after death. After the undertaker disposes of the remains, you dispose of the remainder man.

"No wonder that institutions that thus minister both to the living and the departed spirits have shown a marvellous growth until from resources of $962,000,000 in 1895 today you show resources of $7,980,000,000, with seventy-three of your institutions showing a magnificent aggregate in resources of $4,309,000,000, a record of which you may be justly proud, surpassed by nothing in the financial history of this country.

"I have a profound admiration for you, for another reason; the diplomatic self-abnegation you have evidenced in keeping out of the Federal Reserve System and allowing the national banks to enjoy the expensive blessings it affords; the seductive opportunity of placing millions of your reserves in the regional banks—without interest (laughter), where the bulk of it remains idle, separated from the channels of trade, has never wooed your philanthropic heart.

"An old Confederate Kentucky colonel, who was just making his first campaign was a little doubtful about the reception he might receive at the hands of his audience, and so in a spirit of preparation—which Congress might well imitate—he took precautions that his speech should be interrupted by proper laughter and applause, and he placed his faithful servant, Sambo, in the audience, and he said, 'Sambo, whenever I put my handkerchief to my forehead, I want you to laugh as loud as you can, and whenever I reach for a glass of water, I want you to applaud as vigorously as possible.' 'Massa,' said Sambo, 'you had better change your signals, for if ever I see you reaching for a glass of water, I would sure laugh.'

"Now, if I ever saw a well regulated, up-to-date progressive trust company zealous of the estate of the deceased, knocking on the doors of the Federal Reserve System, I sure would laugh.

"Naturally, I appear and feel timid in appearing before a gathering whose imagination has never been caught by a system by which you can provide free the funds which you subsequently borrow back, at from three to five per cent., when you rediscount your customers' paper.

"I am not one of those men who take every occasion to roast bankers. The modern banker is a sort of a Billy Sunday of finance—without Billy Sunday's financial ability. The banker, you know, takes money tainted and untainted—'the root of all evil'; and then with due regard for the morals of his fellow men, he induces them to deposit it in a banking vault, that it will not contaminate the world, but like the surplus grain of Egypt, it may be called upon in time of need.

"Then he takes this root of evil and makes it virtuous for us. He loans it out to build a church here, and a schoolhouse there, and a factory over there, and a library somewhere else. Today he sends the gospel to the heathens; tomorrow he sends relief to the stricken Belgians; and the next day aid to the ailing in some other part of the world, and with the rest, if you have an ample supply of it, you can enjoy a week's sojourn at the Waldorf-Astoria. Modern bankers divide their returns among stockholders and investors and apportion microscopic salaries from them to themselves.

"They use their resources not to tear down but to build up enterprise. They are constructive and not iconoclastic. They prosper only when they help others to prosper. They succeed only when they help others to succeed; and they treat the public all alike, without preference and without rebate. If the real character of the banker was known, the demagogue and the anti-corporation statesman would have little to feed upon; and drastic legislation, that too often proves destructive rather than remedial, would have no place in party platform, and in legislation. Perhaps then even our government would cease to interfere with business, and would treat the business men of this country with the same consideration it shows the Mexicans, and allow them to settle their own affairs.

"When Diogenes went around with a lamp to find an honest man, Uzal McCarter and the rest of you were not born. If he were here tonight he would have no use for his lamp, as he would find honest men on every hand.

"Honesty is the indispensable trademark in the bankers' calling. No man has the public confidence and trust of his fellow-man as he. His depositors loan him their money without security, satisfied with his word and integrity. Rich and poor, widow and orphan, wage earner and capitalist, trust their savings and accumulations to his custody, without misgiving or fear. In every community it is the man of character, such as the banker typifies, that has made the wealth and prosperity and supremacy of America."

The address of Sir Edmund Walker follows. It was listened to with profound interest and was several times interrupted by applause and cheers:

FINANCIAL ASPECTS IN CANADA OF THE WAR

By Sir Edmund Walker, President Canadian Bank of Commerce

At the end of Canada's fiscal year, March 31, 1913, the climax of a period of great expansion, we found that we had imported goods to the value of 300 million dollars more than we had exported, and owed more than 125 millions besides for interest on securities held abroad. We are thus 425 millions on the wrong side internationally, and we had to sell, mostly in Great Britain, 400 millions of new securities to help to square the account. The natural contraction which followed improved the figures, so that by March, 1914, the excess of imports was only 180 millions, but as our interest bill of course increased, this left us still about 320 millions on the wrong side.

A few months later we had to face the outbreak of war, and the financial prospect for Canada was particularly bad. How could we hope to correct such an unfavorable situation, and as our deficit must be met by a sale of securities abroad, how were we to keep Canada's credit in good shape, since England could not and would not now buy a dollar's worth for any new purpose? The last loan placed in London by the Dominion Government—one of twenty-five million dollars—was in March, 1915, but this was not supposed to be for war purposes.

Steps were taken by the Government to prevent the hoarding of gold, and to avoid financial disturbance, but most of these precautions seemed later not to have been necessary, although, doubtless, they produced the desired result by their existence. Building operations, or the fixing of capital in any other form of national or private betterments practically stopped. A widespread feeling of the necessity for economy prevailed, and by March, 1915, we had reduced the excess of imports to thirty-six millions. Even then, with interest by this time probably amounting to 150 millions, we were about 185 millions on the wrong side. As the European market for our securities disappeared, a market was rapidly created in the United States and the passage from the period of an excess of imports to that of an excess of exports was thus made without the strain we had expected.

When the war began it seemed clear that Canada would be obliged to bear her share of the cost of the war, and great as was the burden borne by Great Britain, she agreed to lend us, I believe, although I do not speak with authority, $5,000,000 a month.

As most of our expenditure at that time was made at home, this was a material help to our finances.

FIRST LOAN IN NEW YORK

In July, 1915, mainly because of capital expenditures which could not be arrested, Canada made her first loan in New York, borrowing twenty-five millions for one year and twenty millions for two years.

By the end of 1915 we began to feel the good effects of the stoppage of public and private building, and the exercise of public and private economy, and of the export of all kinds of munitions, such as foodstuffs, clothing, saddlery, shells, rifles, etc. It became evident that we could and should pay our own war charges without aid from Great Britain, and as the business of making shells and kindred munitions began to expand and take shape it also became evident that we must so finance the payment for such munitions as to enable Great Britain to pay to some extent in Treasury bills instead of in cash.

In November, 1915, the Finance Minister offered to the Canadian public an issue of fifty millions. This was the first issue ever offered in Canada, as the forty-five millions was the first ever offered in New York. It was also the largest loan ever offered by Canada in its history. New York is a real money center; Canada is not a money center in any important sense. Would the public take it? Could they take it? The response, as you know, came in subscriptions of over 100 millions, the most amazing thing in the history of Canadian finance. The Government concluded to accept the 100 millions and to set aside fifty millions as a credit in connection with the munitions being made in Canada for Great Britain.

In March, 1916, the Finance Minister brought out his second loan in New York, this time one of seventy-five millions, repayable in five, ten and fifteen years. Of this, twenty-five millions practically replaced a similar amount borrowed in 1915 for one year.

When the Dominion fiscal year closed, March 31, 1916, we were delighted to find that, leaving out gold and bullion, our exports exceeded our imports by 249 millions, so that, from the international point of view, we were well able to pay our foreign interest, and a large part of our war charges. For the present calendar year the excess of exports is over 345 millions.

Following the action of the Government in setting aside fifty millions for a credit in connection with munitions for the Imperial Government, the banks were called on to consider to what extent they could aid by buying Imperial Treasury obligations. This they have done to the amount of 100 millions and they have undertaken to purchase 100 millions more in 1917.

In September the Minister of Finance brought out his second war loan in Canada, and this time he confidently asked for 100 millions. The loan was underwritten by the banks to the extent of fifty millions, but the subscriptions amounted to over 200 millions, and not only did the banks obtain nothing on their underwriting, but the subscribers received only from about thirty-five to fifty per cent. of their subscriptions, except in the case of small amounts.

This brings up to date the wonderful story of our national finance since the collapse of trade expansion in 1913.

MEN ENLISTED IN THE MILITARY SERVICE

We have raised an army of 400,000 in a country which thought it had nothing to do with war and we have at the same time produced the munitions and foodstuffs which so enormously altered our trade position. Perhaps I can give you some idea of the spirit of our people by stating the enlistments from three large establishments, a Canadian university, a Canadian bank and a Canadian department store:

		En-listed.	Killed.	W'ded and Miss.
University:				
Staff	102	...	...	...
Graduates	2,091	...	...	...
Undergraduates.	1,455	...	...	...
Y. M. C. A.....	14	3,662	175	260
University Base Hospital:				
Physicians	43	...	...	...
Nurses	75	...	...	...
Ranks	300	418	...	...
Bank:				
(Sixty - five per cent. of men between 18 and 45)	...	1,283	85	212
Departmental Store	...	2,426	94	279
Total	...	7,752	354	751

When our men began to go to the front a body of citizens formed a fund out of which the wives and children of all who went from Canada, whether as Canadian soldiers, or as British, French, Belgian or reservists of any kind among the Allies, were to be supported apart from the insufficient pay of governments. For this fund we have raised thus far over nineteen millions and the sums pledged for the current year are already over fourteen millions, or thirty-three millions in all. For our Canadian Red Cross, a separate body from the British Red Cross, we have raised in money and in material over eleven millions, practically without appeal, and we have allowed the British Red Cross to make two appeals in Canada, for which there

has been subscribed in the Province of Ontario alone, over three million dollars. These are of course only the main subjects of support, but there have been countless other appeals and the willingness to give is perhaps one of the best ethical developments in the war apart from the bravery of our men in the trenches.

HOW MUCH MORE?

We have done better than we could have imagined in our wildest dreams, but how much more can we do, and when the war is over can we pay the debts which have been incurred? This is where we should abandon the use of the dollar mark and try to get at the real facts of life. Our problem at the moment is to supply, not only men for fighting purposes, but also men and women to work our fields, mines, forests, factories, etc., so that we may clothe and feed our soldiers, do the same for all at home, build enough to keep the national plant efficient, and produce munitions of war of every conceivable kind, covering many thousands of different articles, from wheat to shells.

We have done this successfully for an army of over 400,000 men, and we do not doubt our ability to go on to the end. Continued success in our share of the war does not now depend so much upon national finance as upon the supply of men and upon the economy of the individual. We must supply many more men and we must not lessen our production of all classes of munitions. We cannot do this without harder work and longer hours for those who remain in Canada, and clearly not without the employment of women in the place of men to a very much greater extent than we have done thus far. Only thus can more men be freed to go to the front, whether they go willingly or by conscription, and only through economy such as we have not begun to exercise can the task be successfully accomplished. We are trying to teach our people that if a wage-earner restrains his desire, or even his apparent need, to spend, and thereby saves $100, and if he invests it in our war loans, he has put just $100 more of fighting power into the British army, which will absolutely not be available if he does not save the amount. Even if he only deposits his savings in a bank he will aid the cause almost as effectively. This saving of $100 by a workman may seem a trifling matter, but let me say that in the aggregate it becomes one of the most important aspects of the war, and if the thrift campaign about to be inaugurated meets the measure of success that it deserves, much of our anxiety about the future financing of the war will disappear.

We say to our people that:

Thrift for the individual is excellent, but just now that is of minor importance.

Thrift for the sake of Canada, thrift for the sake of the Empire, thrift to win the war should be our cry.

We shall not fail for men, difficult as enlistment may be.

We shall not fail because of inability to make or to procure war supplies.

If we fail it will be because we have wasted on unnecessary things the money that would have won the war.

TO HELP WIN THE WAR

Our problem then is to keep enough men in the firing line, to take care of them, to make all the munitions for the Allies that we can, and to pay the interest on our foreign indebtedness, so that Canada shall bear her part in the war as nearly as possible out of her own resources. If we can do more than this every dollar we can invest in the British Treasury obligations issued in payment for the munitions we have supplied, is in effect so much of an offset to our own war indebtedness. So if any man, rich or poor, withstands his desire to spend his money on something he can do without, whether he puts his savings into a war bond or into a bank, he has by that act helped to win the war. Carried out to its full extent this would, of course, reduce us to the condition of those living in the war zone, but each man must decide just what economy means in his case; and what he may safely do, having regard to those dependent on him, should not be very hard to determine.

When the soldiers come home and the orders for munitions stop, what then? Frankly, I do not know, nor do I believe there are any who do. We can estimate the force of some of the factors in the situation, but we cannot even guess at the number of factors, good and bad, to be considered. In 1865 most people thought that the United States was facing bankruptcy. How could a total national and private debt of about six billions be paid? How could employment by found for a million and a half soldiers coming back from the front? In less than three years, however, these problems had been solved, and by 1868 business had become good. The expansion of business which followed the period of sharp readjustment after the war was so vast that by 1873 the country had to face the greatest panic the world had ever known. We shall probably have a bad time for a while, but the experience of the United States, and the futility of all attempts to gauge the future since the war began should warn us not to prophesy but to be prepared for almost any emergency.

How long the war will last we do not know. How much our national debt will be we do not know. What we do know is that, if we do not falter, we can win the war.

When we have won the war, if our share

of cost has been mainly borne by Canada itself or does not too largely represent money borrowed elsewhere, the burden can be borne, because it will mainly consist of the transference of money from Canadians as taxpayers to Canadians as bondholders, and however hard that may be on the taxpayer, the country cannot be ruined by the mere readjustment of a debt which it owes to its citizens. In any event, we should remember that taxation, so long as it is not really oppressive, may be met by increased energy and increased economy, and in a wasteful country, such as Canada has always been, there is a large margin on which to draw.

When the war is over and the painful task of reorganizing our industries is accomplished, we shall find that many things have adjusted themselves. The places in the community, once filled by our gallant and ever-memorable dead, will be filled by women and girls, by boys called on for the time, to work as if they were a few years older than they are, and by men working a few years longer than their energies would ordinarily warrant.

Our obligations will demand that we produce to the last possibility, from farm, forest, sea and mine, and from our factories. We shall possess for our industries, plant, capital, skill in our workmen, and enterprise in their employers, such as we could not have possessed but for the war. Any surplus of labor not required in the factories will, if we have great depression, turn to the land, but we hope that the desire for an open-air life on the part of many a soldier, the high prices obtainable for all farm products, and the many advantages of a country life, will lead thousands to take up farming, not as a last resort, but as the fundamental source of our prosperity.

That there will be much immigration into Canada I do not doubt. The tide from Europe may be slow during the time of rebuilding in the destroyed areas, but slow or fast, how can we doubt that Canada, with the last great area of unplowed land in a democracy, with a sufficient water supply, with the climate which bred the men of St. Julien, of Festubert, will receive its due share of the youth of all countries? Our difficulty will not be so much the want of immigrants, as to decide whether they are to be allowed to settle with us, seeing that we shall want to know what kind of comrades they will prove if we have ever again to fight for our liberties.

Book Reviews

Factory Accounting. By Frank E. Webner, C.P.A., Chicago; La Salle Extension University. 300 pp., half leather; price, $3.30 postpaid.

Mr. Edward N. Hurley, chairman of the Federal Trade Commission, recently remarked: "Data collected by the commission from bankers show that less than ten per cent. of our producers know their own production costs or have any idea of the wastage that takes place in their establishments."

The science of factory accounting is still in its infancy, but it is growing with remarkable rapidity—so much so that a book on the subject may be modern and adequate when published and quite obsolete five years later. Recent improvements have greatly cheapened the process of accounting and supplied many mechanical aids which reduce the labor of collecting costs. Some of these are still unknown to the majority of accountants, and a more general dissemination of these newest ideas would do much to increase the efficiency of our factories.

This is the aim of a book which has just been published by the La Salle Extension University, Chicago. It is called "Factory Accounting," and is the work of Frank E. Webner, one of the best-known certified public accountants in the country.

Mr. Webner's experience dates from the days when scientific accounting was unheard of except among some men of the most progressive ideas. In 1887 he installed a system of accounts for the dining-car service of the Chicago & Northwestern, and later was connected with the Deering Harvester Company and with various live-stock

and packing-house interests, and he was one of the pioneers in public practice. He has been a lecturer in the universities of New York, Cincinnati and Wisconsin; in Harvard, and in Pennsylvania State College. His book on "Factory Costs" has been a standard authority for many years.

HEATON'S ANNUAL, Heaton's Agency, Toronto; price, $1.25.

The thirteenth edition of Heaton's Annual comes from the press with improvements which have marked its progress from year to year. To financial or commercial houses in Canada or in other countries who do business with Canada the book is very useful.

Packed in its five hundred concisely written pages one can find precisely the information wanted on a wide variety of topics.

The first part of the book contains complete official directories of the Dominion and Provincial Governments to which is added this year a long list of titled and decorated Canadians that will be of interest to many families who have boys at the front; also postal information; a shipper's guide giving every banking town with banks and railway connections, population, etc.; commercial regulations and complete customs tariff revised to date. The last half of the book contains descriptions of every commercial town in Canada with hotels in order of merit, industries, population and industrial opportunities and a summary of the resources of the Dominion, covering agriculture, agricultural districts, finance, fisheries, forests, fur farming, mining, sport, water powers, etc. Cross references are given throughout the text to a valuable bibliography of government and standard publications under the heading "Where To Find It," so that the reader has access to complete information upon any subject in which he is interested.

THE WALL STREET GIRL. By F. O. Bartlett. Boston: Hougton, Mifflin. Price, $1.35.

Donald Pendleton, a young college man, possessing a family mansion maintained by his father's will, but not a penny of his own, finds a position in a banking house. Here he meets sympathetic and sensible Sally Winthrop, a stenographer who, much against her will, falls in love with him. Donald's fiancée, Miss Stuyvesant, is in Europe, and Sally advises Don to urge her to return to an immediate marriage. Miss Stuyvesant's refusal leaves the way clear for Don to find out that Sally is really his ideal.

RAILWAY ORGANIZATION AND MANAGEMENT. By James Peabody, Late Statistician, Atchison, Topeka & Santa Fe Railway, Chicago; La Salle Extension University.

A clear and usable book on this subject has long been needed, and Mr. Peabody's attractive volume will be found more than adequate. His position as chief statistician of the vast Santa Fe system gave him unique opportunities for collecting material, and he proved himself capable of scholarly and interesting presentation when (shortly before his death) he wrote "Railway Organization and Management."

"It is not surprising," he remarks in the introduction, "that the railroad organization to the uninitiated seems to be bound round and round with an endless amount of red tape, exhausting patience and trying and expensive; whereas, if the organization were properly understood and the activities of each department borne in mind, this seeming over-complexity would disappear.

"Railway administration involves so many and such widely varied subjects as to require for its successful conduct the largest possible survey as to commercial conditions, coupled with a knowledge of detail that takes into ac-

count all the varied operations incidental to the service. Properly to manage such an undertaking necessitates the employment of many men of many minds, and the plan by which homogeneity and efficiency are attained is known as railway organization."

The various departments are taken up in order—administration, engineering, operation, traffic, accounting, etc.—and the work of each and the arrangements for performing that work are clearly set forth. No such complete list and description of railway positions has been put into any previous work. Elaborate charts show the relations of the officials to each other and guide the reader through the almost infinite complexities of the organization.

The book also interestingly discusses problems of all kinds which railroad men have to meet—from the occasional vagaries of lawmakers to the scarcity of wood for ties. Such vital topics as government relation, valuation, education of apprentices, pensions, staff versus line control, reports, statistics, advertising, competition, track elevation, electrification, traffic associations, rate-making, inter-line billing, the management of great terminal stations—all have concise but illuminating treatment. So vast is the range of subjects and so incisive the handling of them that the volume may well be called the most attractive general introduction to the business of railroading that has yet been published.

The book is issued by the La Salle Extension University, Chicago, and forms part of the material of its course in interstate commerce.

National Thrift Day's Observance

Enthusiastic Celebration Throughout the Country

By CARLISLE P. STANTON

THE second annual observance of Thrift Day, on February 3d last, augers well for its permanence as a national institution. The day was celebrated—that is the fitting word—with every degree of enthusiasm in more than 1,500 different communities, towns and cities of the United States. Special proclamations were issued by governors of three states and mayors of several cities. The nation's ablest counsellors and wisest administrators — Cabinet Ministers, Senators and Congressmen included—gave the movement unqualified support, endorsed in not a few instances by their own thrifty actions.

All sorts of conditions of men, all shades and varieties of opinion, classes and masses, without respect of person, color or creed, co-operated to make Thrift Day's celebration one of real significance. There was a remarkable increase in the number of thrift organizations. Each planned special ways and means of focusing the collective thought of the nation on the necessity of practicing thrift and reducing waste and useless extravagance. Judging from newspapers, editorials and articles from every state in the Union it would seem that the virtue of thrift has taken hold of our compatriots in no uncertain manner.

The declared interest of the nation's leaders of thought can leave no possible doubt in the minds of the most incredulous and sceptic as to the desirability of thrift and especially Thrift Day in

America. "I know of nothing more calculated to contribute to America good fortune and widespread stability," writes Senator W. G. Harding. Postmaster General A. S. Burleson, in a letter remarks: "One of the present problems of the Government is that of lowering costs that. bear unjustly and heavily upon the people. But the greater one is that of cutting out waste, i. e., teaching thrift. * * * Waste of time, of bodily and mental energies, of the products of our soil and mines, and, a sequence that follows as a matter of course—of money. A savings account is a mighty good antidote. The 'feel' of $1,000 in the bank is apt to breed the qualities of character that make thrift." The Attorney General, Hon. Thomas Watt Gregory, expressed himself, "in entire sympathy with any movement that will engender thrift in the American people." Governor Emmet D. Boyle (Nevada) signified his "hearty approval and * * * coöperation." "Nothing could be of more value to the American people than the intelligent practice of thrift, which is simply another word for intelligent conservation of all our resources," avers Senator Morris Sheppard. Governor Frank O. Lowden (Illinois), announced that he is "entirely in sympathy with the purposes of Thrift Day movement." "Should be commended and encouraged," opines Senator Duncan Fletcher (Florida). "It is a great national need and its importance increases year by year." Senator Reed Smoot adds example to precept in his words: "I recognize the desirability of drawing the collective thought of the people of the country to thrift, and I take pleasure in announcing my intention to observe February 3d as Thrift Day."

The Thrift Day proclamation by Governors of the states of Kansas, Texas and Ohio, and by the mayors of Galveston, Tex., and Bogalusa, La., with other cities are noteworthy. Governor Arthur Capper (Kansas) wrote January 2: "I am strong for your 'Thrift Day' idea and will do everything I can to encourage it. In the course of a week or two I shall issue a proclamation designating February 3 as 'Thrift Day' in Kansas and will appeal to the people to observe it."

Thrift Day again has the warm support of the American Bankers Association. The following resolution has been adopted: That the administrative committee of the A. B. A. heartily endorses such beneficial movement, and declares its support of February 3 as a permanent Thrift Day.

There were many phases to the day's observance in the various communities. Thrift Day's approach was early heralded in the newspapers where special editorials and news articles detailing the active preparations of citizens and organizations for establishing thrift were many and frequent. A large number of enterprising banks arranged for their officers or employees to address school children. In several thousand towns a special Thrift Sermon was preached. Prizes were offered to children, adults and bank employees. Attractive Thrift Day poster stamps were used on all outgoing correspondence by thousands of financial institutions, business houses, colleges, high schools and private individuals.

As the day approached, even the banks took on a festive air. Flags were flung to the breezes; special posters were displayed in windows and lobbies; interesting and impressive hangers were set up in convenient places; neat red, white and blue Thrift Day buttons were presented to all visitors.

New records were created, new standards set, in the history of bank advertising. The friendliest spirit of camaraderie seems to have animated all financial institutions in communities where Thrift Day was observed. In the newspapers appeared whole page advertisements, joint and sectional, from the different banks of the town. It was no unusual thing to find the advertisements of five or six banks together on the same page and under the same caption of Thrift Day. And such advertisements were published every day during the week ending February 3. To mention only a few newspapers which carried

whole pages of special editions of Thrift Day advertising: "Omaha Daily News," Omaha, Neb.; "News-Republican," Kenton, Ohio; the "Times," Shreveport, La.; "Jackson Citizen-Press," Jackson, Mich.; "Syracuse Herald," Syracuse, N. Y.; "Columbus Evening Dispatch," Columbus, Ohio; the "Sun," Springfield, Ohio; "Laurel Daily Leader," Laurel, Miss.; "Fort Wayne Journal-Gazette," Fort Wayne, Ind.; "Evening Journal," Washington, Iowa; "Utica Daily Press," Utica, N. Y.; "Utica Observer," Utica, N. Y.; "Pine Bluff Observer," Pine Bluff, Ark.; the "Gazette," Stevens Point, Wis.; "Illinois State Journal," Springfield, Ill.; "York Daily News-Times," York, Neb.; "Camden Daily Courier," Camden, N. J.; "Monmouth Daily Atlas,' Monmouth, Ill.; "Morning Press," East Stroudsburg, Pa.; "La Salle Daily Tribune," La Salle, Ill.; "Muskegon Chronicle," Muskegon, Mich.; "Mankato Daily Free Press," Mankato, Mich.; "Galveston Tribune," Galveston, Tex.; "Weekly Democrat-Chief," Hobart, Okla.; "Everett Press," Everett, Pa.; "Cedar Rapids Daily Republican," Cedar Rapids, Iowa.

Journalistic enterprise was particularly evident in the "Syracuse Herald" on February 2, 1917, where four consecutive full-page advertisements appeared featuring Thrift Day for the bankers, investment brokers, insurance agents and real estate men. The Jackson, Mich., Clearing House Association advertised conjointly in the Jackson "Citizen-Press." The Kenton "News-Republican," in common with several other newspapers showed the applications of Thrift Day to merchants by featuring, in addition to advertisements from banking institutions, special thrift messages from local tradesmen. On February 3 special Thrift Day editions of several newspapers were printed and the thrift-lesson driven home on every page of the issues by means of editorial news item, cartoon, comics and advertisements.

It is early at this time to speak of direct gains by financial institutions. In these pages are reproduced letters from representative banks. Mr. Lesley Blackburn, cashier the First National Bank, Stevens Point, agrees: "Thrift Day was a great success. We feel it has forcibly called the attention of this community to the Thrift Day idea. We are seeing gratifying results in this week's business." Treasurer T. N. Wood, Middleboro Savings Bank, Middleboro, Mass., writes of Thrift Day's "bringing the institution before the community in a different way than heretofore has been done." Many other correspondents gave actual figures of new accounts received February 3 and the days following. No dissonant voice has been raised in objection. All are unanimous concerning the value and utility of thrift days to the banker.

In Philadelphia itself, home of stalwart traditions and birthplace of the Thrift Day idea, an appreciable degree of animation was observable among bankers. Mr. George Clement, chief of staff of Collins Publicity Service, Philadelphia, who last year conceived and successfully launched the idea of National Thrift Day, was the recipient of the novel and attractive address, reproduced in another page, from members of the Collins staff. In acknowledging Mr. Clement said in part: "Thrift Day this year has received the warmest support of the American people. The day will be more extensively observed each succeeding year. Bankers write us that February 3 is a red letter day for banks. Let us remember, however, that Thrift Day is a red letter day not only for banks and financial institutions, but for all American citizens."

That is the real aim of Thrift Day. Not merely increased business of financial institutions—though that is important; but something still greater, broader and wider-reaching. Thrift Day, experience proves in numerous instances, is an annual occasion that stimulates and promotes efficiency in the individual, in the community, in the town, in the state, and finally in the nation.

Thrift Day seeks and helps us to build up a more responsible, more characterful and more patriotic citizenry.

Character building is the motive influence to which is owed much of the success of the Collins Publicity Service. Character-building, it might be said, is depositor-building. It comprises educating the potential depositor to make use of a bank as a part of the community's coöperative machinery. The bank aids in developing the character just as the depositor has aided in developing the bank.

During a critical period of history, such as the present, it is the character of the individual citizen that determines to an appreciable extent the national attitude. Never before were clear vision, cool judgment, patience and the exclusion of spread-eagleism so desirable in the patriot. Thrift Day, it is hoped, in encouraging the practice of thrift tends to develop such qualities. Thrift Day will thus assist in developing a more conscientious citizen, who recognizes his duties as sacred pledges owed to himself, the commonwealth and the nation.

Safest Place in Town

ONE dark night the writer stood at the intersection of the two principal streets of a thriving city in a southwestern state. Across the street was a magnificent bank building of four stories, built of marble and glazed tile. As I looked the sturdy, square outline of the building silhouetted against the sky seemed to convey the idea of solidity.

Just behind me, inside the large plate glass window of another bank, an electric sign flashed intermittently these seven words: "Safest Place in Town for Your Money." The building was but two stories in height, built of brick. That impudent little sign, as it flashed in my face again and again telling me that here was the only safe place in town for my money struck me as sheer nonsense.

Up the street a little further was another bank, comfortably housed in a magnificent building four or five stories high. A glance inside disclosed to me a bank equipment that would have been a credit to a bank of many times the importance of this one, in a city of 50,000 population. Yet even these fixtures were no match for the equipment I found in the bank to which my attention was first drawn. So far as I could judge from all outward appearances, the bank that flashed its claim "Safest Place in Town for Your Money" was no match for either of the other two.

The next day I made it a point to investigate further and, as I expected, I found that the bank which was making this reckless statement had a smaller capital and surplus, and less deposits than either of the other banks. As I have already said, the average patron or prospective customer is not unlike a banker in his habits of thought, so it is safe to assume that many of the people of this little city had made the same comparisons as I had. And it is not at all unlikely that this sign which invited comparison between the three banks was proving a good advertisement for the other two banks, and was after all a detriment to the bank that used it. Like We, I, Us, Ours and Mine, such phrases as "Safest Place in Town," "Best Bank," "Most Popular Bank in the City," and similar slogans should be avoided, for they invariably react upon the bank using them, as well as reflecting upon the other banks. No banker should use phrases similar to those mentioned, unless he can prove beyond the least doubt that his statements are correct. Even if a bank can prove the point it wishes to make, it is unethical to throw distrust upon or to injure another bank in any way. And it sometimes happens that all banks in a community are placed in the same class with the weakest one of the group!

For International Trade Peace

JAMES A. FARRELL, Chairman National Foreign Trade Council

I CANNOT help thinking that, above and beyond the bearing of our domestic policy on the outlook for our foreign trade we must set ourselves to grasp the large and more vital principles of international co-operation.

JAMES A. FARRELL

Chairman National Foreign Trade Council and President United States Steel Corporation

It is a debatable question whether the United States can become a member of an international league of peace for the prevention of further war, but it is not at all doubtful that we can render an invaluable service to the establishment of lasting concord among the peoples of the earth by setting our face against anything that looks to the perpetuation of commercial war in peace.

The spirit in which our merchants, manufacturers and bankers addressed themselves to the relief of the sufferers by the historic disasters at Chicago, Baltimore and San Francisco is the spirit of generous accommodation in which we must approach the needs of Europe after the war.

Here the path of devastation has had a broader sweep and more tragic accompaniments. The forces of destruction have been fed by draining the very life's blood of the nations in capital and man-power. Wealth has been lavished on the annihilation of wealth; the savings of one generation have been used to impoverish another. But from the whole ghastly conflict will emerge a regenerated Europe, a Europe with nobler ideals and higher standards of attainment, both in spiritual and material things.

Banking and Commercial Law

LEADING CASES

Acceptance

KANSAS.

Checks, Liability of Bank—Payment—Agency.

Supreme Court of Kansas, July 8, 1916. Rehearing Denied October 13, 1916.

CHAMBERLAIN METAL WEATHER STRIP CO. VS. BANK OF PLEASANTON.

Under the Negotiable Instruments Act, chapter 310 of the Laws of 1905, General Statutes 1909, section 5243 et seq., an ordinary bank check is a bill of exchange (Gen. Stat. 1909, section 5379), and when it is presented to and retained by the bank and the account of the maker is charged therewith, the bank is liable to the payee as an acceptor. Gen. Stat. 1909, section 5315.

Where a debtor has ample funds in a solvent bank and gives a check thereon to satisfy his debt, and the check is made payable to the order of the creditor, the bank which receives and retains the check and charges the drawer's account therewith is liable to the creditor thereon, and by a payment of the check to a third party on an unauthorized indorsement the bank does not avoid its liability to the creditor.

Action by the Chamberlain Metal Weather Strip Company, a corporation, against the Bank of Pleasanton, a corporation. From a judgment for plaintiff, defendant bank appeals. Affirmed.

OPINION OF THE COURT.

Dawson, J.: The Chamberlain Metal Company performed certain services and furnished certain materials for Mrs. S. J. Ellis, and she gave her check on the bank of Pleasanton for $134 in favor of the company in payment therefor. Mrs. Ellis delivered the check to Sprague T. Haskell, who indorsed it in the name of the company, "by Sprague T. Haskell, Agt.," and he presented it to the bank and received the money thereon. Haskel did not pay over the money to the plaintiff company, and it brings this action against the bank alleging these facts, and alleging, also, that Haskell had no authority to indorse the check, and that the indorsement of its corporate name was a forgery, that he had no authority to make collections on plaintiff's account, that the bank was not authorized to pay the check to Haskell, and that there was due from defendant to plaintiff upon the said check the sum of $134, etc.

The bank's demurrer was overruled, whereupon it answered by general denial. The plaintiff replied with an allegation that Haskell was not its general agent and denied that he had authority to receive or collect money on its behalf. At the trial, after statements of the case by counsel in harmony with the pleadings, the defendant objected to the introduction of evidence. The objection was sustained, and judgment was entered for defendant. Later a motion for a new trial was granted, and the bank appeals.

Was it proper for the court to grant a new trial? Plaintiff alleged that its debtor, Mrs. Ellis, gave her check to Haskell, and alleged that Haskell was not its general agent, and that he had no authority to indorse it, and had no authority to receive or collect money for the plaintiff. Appellant argues that that is inconsistent. We hardly think so. It is very common for business houses to employ clerks to receive

checks and to open mail containing checks, but it would hardly do to say that such clerks or employes are general agents with power to indorse their employers' names or the names of their business firms, with or without the clerks' own signatures as agents, and the employment to receive checks does not imply the additional authority to indorse such checks and to receive money thereon.

Whatever may have been the rule before the adoption of the Negotiable Instruments Act (Laws 1905, c. 310), the bank's liability to the payee of an accepted check is now clear (Gen. Stat. 1909, Section 5315). The retention of the check and the charging of Mrs. Ellis's account was an acceptance. Gen. Stat. 1909, Sections 5372, 5389, 5390. In 5 R. C. L. 521, it is said:

"The acceptance of a check, so as to give a right of action to the payee, is inferred from the retention of the check by the bank, and a subsequent charge of its amount to the drawer, although it was presented by, and payment made to, an unauthorized person. Under the Negotiable Instruments Act a constructive acceptance will take place upon failure to return the check within twenty-four hours."

See, also, Ballard vs. Bank, 91 Kan. 91.

Mrs. Ellis had ample funds in the appellant bank, and the bank was solvent. It was the duty of the bank, since it did not decline acceptance (Gen. Stat. 1909, Section 5390), to pay it to the plaintiff or to the holder under plaintiff's valid indorsement. But the bank was bound to determine, at its peril, whether Haskell had authority to indorse the plaintiff's name on the check and to receive the money thereon. This is a question of fact, and the last ruling of the court which set aside its first judgment on the pleadings and granted a new trial thereon is correct. See the well-considered case of McFadden vs. Follrath, 114 Minn. 85, and note.

The judgment is affirmed. All the Justices concurring.

(160 Pac. Rep. 1138.)

Acceptance by Telegram

MINNESOTA.

Supreme Court of Minnesota, December 1, 1916.

JAMES RIVER NAT. BANK VS. THUET, ET AL.

Defendants telegraphed plaintiff bank: "We will honor draft of G. Roedel bill of lading attached for stock purchased by him shipped Thuet Bros." In the light of the surrounding circumstances, the relations of the parties, and their conduct, this telegram is *held* to be an acceptance by defendants of all drafts drawn on them by the person named, with bill of lading attached to pay for stock shipped to defendants by him during the current season, and not merely an acceptance of only the first draft drawn.

Action by the James River National Bank against Frank Thuet and others. From a judgment for plaintiff, defendants appeal. Affirmed.

OPINION OF THE COURT.

Bunn, J.: Plaintiff sought to recover in this action the amount of a draft, less a credit, drawn on defendants by one G. Roedel, and paid by plaintiff. The ground upon which defendants' liability is predicated is that they accepted the draft in writing. The court so found, and rendered a decision in favor of plaintiff. Defendants appeal from the judgment entered in accordance with this decision.

There is but one question in the case, and that is whether the evidence sustains the finding that defendants agreed in writing to accept and pay the draft in question.

The evidence is not much in conflict, and is sufficient to warrant a finding of the following facts: Defendants had their principal place of business at South St. Paul, and were in the business of selling live stock on commission. Rodel lived at Jamestown, N. D. He had known one of the defendants for many years. In the spring and summer of 1912, Rodel had little or no money. He came to defendants' place of business in South St. Paul to arrange with them for money with which he might buy cattle in the vicinity of Jamestown, to be shipped to defend-

ants and sold on commission. He did not find either of defendants in the office, but talked over his plans with the person in charge, and returned to Jamestown. On June 4 he wrote defendants a letter, saying:

"Please write to the Jamestown National Bank, Jamestown, North Dakota, that you will honor my drafts for car cattle or hogs with bill lading attached and invoices of live stock. You will please do this on receipt of this letter, for I am now ready to go and buy all the cattle I can get during all summer."

On receipt of this letter, and on June 5, defendants telegraphed plaintiff as follows:

"We will honor draft of G. Roedel, bill of lading attached for stock purchased by him shipped Thuet Bros."

On June 6 defendants wrote to Roedel as follows:

"Instead of waiting to write to your bank we wired them, thinking perhaps you might be waiting for us to get word to the bank and that a wire would get through quicker."

The letter also contained instructions to be careful in buying cattle that are on grass, and not to purchase rough and heavy hogs. On receipt of this letter Roedel presented it to the cashier of plaintiff and inquired whether the bank had received a telegram from defendants. The cashier said that the telegram had been received, took the letter and filed it with the telegram, informing Roedel that it would be necessary in the case of each shipment to consign it to defendants, send plaintiff the bill of lading with a statement of the amount he was paying for the cattle, and a draft on defendants for the amount. The cashier gave Roedel a book of checks on the bank, and told him that it would pay checks that he drew in payment for cattle purchased. Roedel then went into the surrounding country to contract with the farmers for the purchase of stock and arrange to have it delivered at a railroad station where it could be loaded for shipment. When so delivered, he drew his checks on plaintiff bank for the amounts necessary to pay for the stock, and delivered them to the respective farmers from whom the stock was purchased. These checks were presented to plaintiff and paid. The stock was then loaded on the cars. Each shipment was consigned to defendants, and Roedel drew a draft for the amount he had paid, attached thereto the bill of lading, and sent it to plaintiff. The first shipment was made June 13, 1912, and the draft with bill of lading attached was sent to South St. Paul, presented to and paid by defendants. During June, July, August and September Roedel made seven shipments of stock to defendants, and in each case, except the last, defendants paid the draft drawn on them by Roedel. The last shipment was made September 21, 1912, and a draft drawn and presented as usual for the amount paid by Roedel to purchase the stock. Roedel accompanied this shipment to South St. Paul. When it arrived the market was poor, and the shipment, with Roedel accompanying it, went on to Chicago in an effort to get better prices.

When the draft was presented defendants refused to pay it, and it has not been paid, except that plaintiff received part of the amount from the proceeds of the sale of the cattle in Chicago, leaving a balance of $1,475.89 unpaid.

If defendants accepted the draft in writing, they are liable in this action. If they did not, there is no liability. The acceptance claimed is the telegram of June 5 sent by defendants to plaintiff. The claim of plaintiff is that this constituted an acceptance of and agreement to pay all drafts which should be drawn on defendants by Roedel with bill of lading attached to pay for stock purchased by him during the season and shipped to defendants. The contention of defendants is that this telegram, using, as it did, the word "draft" instead of "drafts," constituted an acceptance of but one draft, the first that should be drawn. If plaintiff's contention is correct, there is no doubt that the telegram constituted a valid accept-

ance of all the drafts. Union Bank vs. Shea, 57 Minn. 180.

Defendants insist that the telegram is clear and unambiguous, and therefore that the surrounding circumstances, the situation and conduct of the parties before or after the telegram was sent, cannot be used as aids in construing its meaning. Plaintiff is equally insistent that the telegram is open to explanation and construction, and that the evidence clearly shows that its meaning was as claimed. We agree with the view of plaintiff. If the telegram of June 5 is read by itself, without reference to the subject-matter and surrounding circumstances, it perhaps would have to be construed as a promise to honor one draft only, but its meaning is not so clear that it is improper to consider the situation of the parties, their prior and subsequent conduct in construing the telegram, the subject-matter, and surrounding circumstances, in showing that there was an ambiguity, and in clearing up that ambiguity. The telegram does not refer to a particular draft, mention a particular amount, or say that but one car is to be shipped, or but one shipment made. There is sufficient uncertainty in the telegram itself as to what defendants intended to justify the use of such evidence to explain its meaning, and to show that what was intended by the language used was a promise to honor all drafts, with bills of lading attached, that Roedel might draw against defendants for stock purchased by him and shipped to them during that season.

There are many cases in our reports where extrinsic evidence of the surrounding circumstances has been used to show that writings as plain on their face as this telegram are really imbiguous, and to explain their true meaning. Union Bank vs. Shea, supra, was such a case. It is often necessary, in order to arrive at the true construction of an instrument, to resort to extrinsic evidence, though the instrument is apparently plain on its face. And this has often been done, notwithstanding the expressions in some of the decided cases that no extrinsic evidence is admissible unless ambiguity appears upon the face of the instrument. See Dunnell's Digest, Sections 3400 to 3407, and cases cited.

By resorting to the evidence showing the situation and relation of the parties, the circumstances surrounding the sending of the telegram, and the conduct of the parties in acting upon it, it is made entirely clear to our minds that defendants intended by the telegram to agree to honor all drafts drawn by Roedel during that season for stock purchased and shipped to defendants. The letter of Roedel which induced the telegram to the bank asked defendants to write the bank that they would honor his "drafts," and he states that he is "ready to go and buy all the cattle I can get during the summer." The letter of defendants in reply to this plainly indicates a compliance with Roedel's request, but by wire instead of by letter, and the understanding of defendants that Roedel was to make a series of shipments during the summer.

Defendants were in the business, and naturally desired to earn commissions on as many sales as Roedel could give them. Roedel, to their knowledge, had no money to buy stock. It was to defendants' interest to make the arrangement he suggested. When we come to the practical construction of the agreement made by the telegram, there is no doubt that all parties acted upon the promise as if it were to pay all drafts. Plaintiff bank and Roedel clearly understood it that way, and the bank paid out large sums in reliance upon such understanding, and it is no less clear that defendants' understanding was the same. They paid without question six drafts drawn during a period of three months and more. Defendants point out that as to two of these drafts the bank wired them for their acceptance and received it, and that a third draft was made payable "demand on arrival of car." This is true, as it is that the other drafts were not actually paid until the stock arrived. The last fact is not of much consequence as indicating how the parties construed the telegram of June 5, and the telegrams of the bank

asking for defendants' acceptance of the two drafts are sufficiently explained by the evidence.

It is difficult, if not impossible, to distinguish the present case from Union Bank vs. Shea, supra. Our conclusion is that the findings are sustained by the evidence and warrant the judgment rendered.

Judgment affirmed.

(159 N. W. Rep. 1093.)

Wrongful Payment

IOWA.

Subrogation—Forgery—Principal and Surety.

Supreme Court of Iowa, November 17, 1916.

BAKER VS. AMERICAN SURETY CO. OF NEW YORK.

"Subrogation" is the equity by which a person secondarily liable for a debt and who has paid it is put in the place of the creditor, so as to entitle him to make use of all the securities and remedies possessed by the creditor, in order to enforce the right of exoneration as against the principal debtor, or of contribution against others who are liable in the same rank with himself; a creature of equity so administered as to secure real and essential justice, without regard to form and independently of any contractual relations between the parties to be affected by it.

The doctrine of subrogation is always applied to promote justice and to prevent inequitable results, and will not be enforced when to do so would be inequitable or would work injustice to others having equal equities so that the equities of one seeking subrogation must be greater than those of the one against whom subrogation is sought.

A surety on the bond of the treasurer of a local union, on payment to the union of the amount of the treasurer's misappropriation, by means of forged checks on its bank of deposit, would be entitled to any claim the union had against the treasurer, or to any security the union might have upon his property at the time of its payment.

A bank assumes the risk of paying money on deposit to persons other than those to whom genuine checks are payable, and, in paying to others on forged checks, acts without authority and may not charge the payment to the account.

Where a local union, whose treasurer had presented forged checks to its bank of deposit, on which moneys were paid out, might hold the bank liable for money so misappropriated, or might sue on treasurer's surety bond, the surety, paying its liability of its bond, was not entitled to subrogation to the rights of the union as against the bank, since its equities were not greater and were to be measured by those existing in favor of its principal, and since as between the principal and the bank the equities were in favor of the bank. (159 Pac. Rep.)

OPINION OF THE COURT.

Ladd, J.: This is an action by plaintiff in behalf of an association known as the Buxton Local Union No. 1799, District No. 13, a constituent part of an organization known as the "United Mine Workers of America," against the defendant as surety on the bond of W. H. Brown, financial secretary and treasurer of said union from July 1, 1913, to July 1, 1914. The petition alleges that during October, 1914, other officers discovered that "said W. H. Brown had misappropriated all or a part of the moneys coming into his hands as such financial secretary and treasurer," and immediately gave notice to defendant that defendant has "failed, omitted, and neglected to pay said Local Union No. 1799 the money so lost, although the same has been demanded," and judgment for $800 was prayed.

A copy of the bond in the usual form was attached, and also an itemized statement of the several sums alleged to have been embezzled. Thereupon defendant filed a cross-petition, making the Buxton Savings Bank defendant, alleging what plaintiff claims, and further that the "items set out in the said list were paid out by the said Buxton Savings Bank and charged against the checking account of said local union with the said bank."

The claim of the said local union is that the said bank made such payments, without authority therefor, upon checks or orders forged or the indorsements upon which were forged by said W. H. Brown, and charged the same to said checking account, and that thus the alleged loss accrued to the said local union. This defendant says that if

such claims of said local union be true, that then and in that event the primary liability for such loss is that of the said bank, and not of this defendant; and that if it be true the defendant is under liability herein, then defendant should be allowed to recover herein against the said bank all sums for which this defendant shall be adjudged to be liable to plaintiff and for costs. The said checks or orders are not in possession nor under the control of this defendant, and this defendant is unable to set out copies of them. Wherefore this defendant prays that if judgment should be rendered against this defendant herein, that the defendant have judgment for the same amount against the Buxton Savings Bank, and for costs.

The plaintiff moved that cross-petition be stricken from the files for that: (1) The facts recited did not justify the filing of a cross-petition; (2) the savings bank might not be joined as defendant in this manner; (3) that the cross-petition is not material to the issue raised by the petition; (4) there is no privity of contract between defendant and the savings bank requiring the bringing of said bank in as a party to the action, and (5) the savings bank is not a necessary party to any adjudication between the original parties to the suit. The motion was sustained. The appeal is from this ruling.

In reviewing the ruling on the motion the allegations of the cross-petition must be assumed to be true. If so we have this situation: The American Surety Company bound itself to pay "such pecuniary loss, not exceeding $1,000, as said employer shall have sustained of money or other personal property (including that for which employer is responsible) by any act or acts of fraud, dishonesty, forgery, theft, embezzlement, wrongful abstraction, or misapplication on the part of said employe, directly or through connivance with others, while in any position or at any location in the employ of said employer." The local union deposited its funds in the Buxton Savings Bank, and, as is alleged, Brown forged checks or orders of the local union or indorsements thereon, and the bank paid these from the funds of said local union. As we understand it, the orders were properly drawn, payable to persons entitled to the amounts named therein, but Brown, as is alleged, forged the payee's name thereon and drew the money which he appropriated to his own use. If so this is within the averments of the cross-petition quoted, and the loss, therefore, if any, was occasioned by the dishonesty of Brown, as well as that through forging checks or orders. Because of the dishonesty of Brown the funds of the local union have been paid out by the bank, and the theory of the plaintiff is that said union may look to the surety company and Brown instead of the bank to recoup the loss. The contention of the surety is that the bank paid the money on the forged checks, orders, or indorsements, and upon paying the local union the loss suffered by it through Brown's dishonesty, it is entitled to be subrogated to the claim the local union held against the bank because of paying out its money without its authority on the forged instruments. The bank, through its motion to strike, denied that the surety company has the right to subrogation, under the circumstances disclosed, and raised several other questions not necessary to be considered in view of our conclusion.

Subrogation is defined by Bispham as:

"The equity by which a person who is secondarily liable for a debt, and has paid the same, is put in the place of the creditor, so as to entitle him to make use of all the securities and remedies possessed by the creditor, in order to enforce the right of exoneration as against the principal debtor, or of contribution against others who are liable in the same rank with himself."

Subrogation is said in section 1 of Sheldon on Subrogation to be:

"A creature of equity, and is so administered as to secure real and essential justice without regard to form, independently of any contractual relations between the parties to be affected by it. It is broad enough to include every instance in which one party pays a debt

for which another is primarily answerable, and which in equity and good conscience should have been discharged by the latter, but it is not to be applied in favor of one who has officiously and as a mere volunteer paid a debt of another, for which neither he nor his property was answerable, and it is not allowed where it would work any injustice to the rights of others."

The doctrine was derived from the civil law, but was early ingrafted into the equity jurisprudence of England, and in this country its principles have been more widely applied than in England. Originally it was exclusively of equitable cognizance, but in recent years seems to have been exercised in the common-law courts. Harris on Subrogation, Section 1.

Wherever the doctrine is made use of it is always for the promotion of justice and the prevention of inequitable results. It will never be enforced, when doing so would be inequitable, or where it would work injustice to others having equal equities. Makeel vs. Hotchkins, 190 Ill. 311. It necessarily follows that the equities of one seeking subrogation must be greater than those of him against whom subrogation is sought. Ft. Dodge Bld. Ass'n. vs. Scott, 86 Iowa, 431, 53 N. W. 283. "The doctrine of subrogation never interferes with equal or superior rights of others." Vaughan vs. Jeffreys, 119 N. C. 135, 26 S. E. 95. See Musgrave vs. Dickson, 172 Pa. 629, 33 Atl. 705. As remarked in Acer vs. Hotchkiss, 97 N. Y. 395:

"The doctrine of subrogation is a device to promote justice. We shall never handle it unwisely if that purpose controls the effort, and the resultant equity is steadily kept in view."

Subject to these principles the rule is well established that:

"Where one person or his property is surety or stands in the position of a surety for the payment of a debt, for the payment of which another is primarily liable, the one who is only secondarily liable, upon payment of the debt to the original creditor, is entitled to be subrogated to all the rights, remedies, liens, and securities held by the original creditor, as they existed at the time of such payment as against the principal debtor and his property, or against any other person who may be liable for the payment of such debt. And this doctrine applies as well between cosureties, codebtors and coobligors, as between principal and surety, with the single exception that, as between the paying surety and the principal debtor, there is no question of contribution." Harris on Subrogation, Section 197.

The surety company then is entitled to subrogation, if at all, to any claim the local union may have against the principal, on the bond, Brown, or against any security said union may have on his property. But it had none, and the surety company is praying for no relief as against Brown or his property. Its cross-petition is based on the bank's liability to said union for the amount paid out by it on the forged checks, orders, or indorsements, and it prays therein for subrogation to the claim of the local union on the theory that the bank's liability is primary and its liability secondary thereto.

Of course, the bank necessarily resumed the risk in paying other than those to whom genuine instruments were payable, and in paying to others it acted without authority, and might not charge sums so paid to the account of the local union. It could have insisted that the bank account for all moneys on deposit, including those wrongfully applied on the forged checks, orders, or indorsements, and on refusal maintained an action therefor. German Savings Bank vs. Citizens' Nat. Bank, 101 Iowa, 530, 70 N. W. 769, 63 Am. St. Rep. 399. But the wrongful diversion of these moneys was induced by the dishonest conduct of Brown to whom the money was paid, and where the Bank held for the payment of the funds dissipated it would have a cause of action against Brown therefor. The plain difference in the situation of the two is that were recovery had by the local union against

Brown he could not recoup in an action against the bank, whereas the bank, if compelled to restore to the union the moneys paid on the forged instruments, might demand reimbursement from Brown and upon refusal recover judgment against him. The local union has elected to sue the surety on the bond of Brown rather than the bank.

If the surety is adjudged liable thereon and pays the alleged loss occasioned by Brown's dishonesty, it will merely pay Brown's indebtedness and not that of another, even though the other may also be liable therefor. At the most it is a case where each of two parties may be held for the dissipation of the same moneys, the bank because of paying out without authority, and the other fraudulently inducing the bank so to do. In such a case both are absolutely and neither entitled to subrogation, for either in paying is satisfying his own indebtedness. But the bank on payment undoubtedly could recover from the wrongdoer. Moreover, the equities of the surety upon payment would be measured by those, if any, existing in behalf of its principal, Brown, and, as between Brown and the bank, all are in favor of the bank, and under the rules stated subrogation must be denied. Otherwise the forger or his surety would be preferred to the one swindled by his forgeries

As on the allegations of the cross-petition, the surety would not be entitled to relief, there was no error in striking it from the files. Probably the point might more appropriately have been raised by demurrer, but, if so, this portion of the motion may be treated as a demurrer, and the ruling be made accordingly. It is not to be inferred from anything said that we express any opinion as to the liability of either Brown or the American Surety Company to the local union. We merely rule that the allegations of the cross-petition do not entitle the defendant and cross-petitioner to subrogation in event it is required to pay the loss of said union.

Affirmed. (159 N. E. Rep. 104.

Stockholders' Liabilities

New York

Bankruptcy—Discharge of Debt.

Supreme Court, N. Y., First Department, November 3, 1916.

VAN TUYL, SUPT. OF BANKS, VS. SCHWAB, ET AL.

The liability of a stockholder in a bank, under Banking Law (Consol. Laws, c. 2), section 71, accrues, not when the bank is ascertained to be insolvent, but when it incurs the indebtedness for which the statute renders the stockholder liable.

The liability of a stockholder in a banking corporation, under Banking Law, section 71, is contractual in its nature, there being an implied contract on his part when he acquires his stock that he will be liable as prescribed, and, such liability having accrued when a petition in bankruptcy is filed against the stockholder, is a debt provable against his estate, within federal Bankruptcy Act, section 63, and consequently is a debt discharged by the bankruptcy proceedings. (161 N. Y. Rep.)

Action by George C. Van Tuyl, Jr., as superintendent of banks, etc., against Charles H. Schwab and others. From an order granting the motion of defendant Charles Arthur Moore, Jr., for judgment on the pleadings, plaintiff appeals. Order affirmed.

STATEMENT OF FACT AND OPINIONS.

Scott, J.: This action is an omnibus one, brought by the superintendent of banks of the state of New York against the stockholders of the insolvent Carnegie Trust Company to enforce their liability under section 196 of the Banking Law as it stood on January 7, 1911. The question involved arises under a supplemental answer of the defendant-respondent Charles Arthur Moore, Jr., to which the plaintiff has served a reply which contains no effective denial of any material fact alleged in the supplemental answer.

The facts thus pleaded and not effectually denied are that on April 12, 1911, a petition in bankruptcy was filed against respondent, and that such proceedings were had thereupon that said defendant was, on November 18,

1912, duly adjudicated a bankrupt; that said respondent duly filed schedules in bankruptcy, wherein both the Carnegie Trust Company and the superintendent of banks were listed as creditors; that said trust company and said superintendent had due notice of said proceeding in bankruptcy and of said adjudication; and that thereafter, and on November 3, 1913, upon notice to said trust company and said superintendent of banks the respondent was discharged in bankruptcy. The complaint alleged that the Carnegie Trust Company was insolvent on January 7, 1911, on which day the plaintiff, under the authority of the Banking Law, took possession of its property and business.

The question thus presented is whether or not the respondent's discharge in bankruptcy upon a petition filed and an adjudication made after the trust company had become insolvent served to relieve him of his obligations and liability as a stockholder for the debts of the trust company. In other words, was his obligation and liability on April 12, 1911, a provable debt under the federal Bankruptcy Act. Provable debts are defined by section 63 of the Bankruptcy Act as follows:

"Debts which may be proved.—a. Debts of the bankrupt may be proved and allowed against his estate which are (1) a fixed liability, as evidenced by a judgment or an instrument in writing, absolutely owing at the time of the filing of the petition against him, whether then payable or not, with any interest thereon which would have been recoverable at that date or with a rebate of interest upon such as were not then payable and did not bear interest; (2) due as costs taxable against an involuntary bankrupt who was at the time of the filing of the petition against him plaintiff in a cause of action which would pass to the trustee and which the trustee declines to prosecute after notice; (3) founded upon a claim for taxable costs incurred in good faith by a creditor before the filing of the petition in an action to recover a provable debt; (4) founded upon an open account, or upon a contract express or implied; and (5) founded upon provable debts reduced to judgments after the filing of the petition and before the consideration of the bankrupt's application for a discharge, less costs incurred and interests accrued after the filing of the petition and up to the time of the entry of such judgments.

"b. Unliquidated claims against the bankrupt may, pursuant to application to the court, be liquidated in such manner as it shall direct, and may thereafter be proved and allowed against the estate."

It is, of course, well established that a debt, in order that it may be discharged in bankruptcy, must not only answer the above description, but must also be provable at the date on which the petition in bankruptcy is filed. Collier on Bankruptcy (10th Ed.), p. 85, and cases cited.

The contention of the plaintiff is, as we understand it, that the liability of a stockholder does not rest upon contract, but upon a statute, and that it does not arise until the insolvency of the bank or trust company has been ascertained, and an assessment has been levied upon the stockholders. That contention is based upon some of the language to be found in the opinion in Marshall vs. Sherman, 148 N. Y. 9. That case, however, was quite unlike the present, being an action by an individual creditor of a Kansas corporation to enforce the personal liability of a stockholder of the corporation under a statute of the state of Kansas. No question as to the liability of a stockholder under any statute of this state was involved.

The liability of the defendants in this action is predicated upon section 71 of the Banking Law, which reads as follows:

"Sec. 71. Individual liability of stockholders. Except as prescribed in the Stock Corporation Law, the stockholders of every such corporation shall be individually responsible, equally and ratably, and not one for another, for all contracts, debts and engagements of

such corporation, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares. In case any such corporation shall have been or shall be dissolved by final order or judgment of a court having jurisdiction, and a permanent receiver or receivers of the said corporation shall have been or shall be appointed, all actions or proceedings to enforce the liability of stockholders under this section shall be taken and prosecuted only in the name and in behalf of such receiver or receivers, unless such receiver or receivers shall refuse to take such action or proceedings upon proper request in that behalf made by any creditor, and in that event such action or proceeding may be taken by any creditor of the corporation."

We think that there can be no doubt that the liability of a stockholder in a banking corporation, under the above-quoted statute, is contractual in its nature. There is an implied contract on his part, entered into when he acquires his stock, that he will be liable in the manner and to the extent prescribed by the statute (Cochran vs. Wiechers, 119 N. Y. 399; Platt vs. Wilmot, 193 U. S. 613), and that liability accrues, not when the company or bank is ascertained to be insolvent, but when it incure the indebtedness for which the statute renders the stockholder liable. This was the construction given by the Court of Appeals to a statute which provided that stockholders of a corporation should be jointly and severally personally liable for the payment of all debts and demands contracted by the corporation, although resort to this liability was postponed until after judgment should have been obtained and an execution returned unsatisfied against the corporation, or it should have been dissolved. Corning vs. McCullough, 1 N. Y. 55. The words affixing liability to the stockholders under that case are precisely equivalent to the words used in the Banking Law above quoted. The liability is made absolute. The enforcement of it only is postponed. Corning vs. McCullough, has been referred to and apparently approved by the Court of Appeals in Wheeler vs. Miller, 90 N. Y. 363, and Matter of Jones, 172 N. Y. 575. It has never been overruled.

Strangely enough, there seems to be a notable dearth of authority upon the precise question as to whether such an obligation as defendant assumed as a stockholder of the trust company is a debt provable in bankruptcy. It was, however, directly passed upon by Harold Remington, Esq., the well-known writer upon the Bankruptcy Act, when sitting as a referee in bankruptcy. In a careful and well-reasoned opinion, too long to be quoted here, he held distinctly that such an obligation as attached to defendant as a stockholder of the trust company at the date on which the petition in bankruptcy was filed was provable as a debt against his estate. Matter of Rouse, 1 Am. Bankr. Rep. 393. With his reasoning and conclusion we fully concur. If provable, it was discharged by the discharge in bankruptcy.

It follows that the order appealed from is right, and must be affirmed, with $10 costs and disbursements to the appellant. Order filed. All concur.

(161 N. Y. Supp. 323.)

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Use of the Word "Savings" by National Banks

C———, N. Y., October 30, 1916.

Editor Bankers Magazine:

Sir—As one of your subscribers, we would like you to inform us if a national bank has the right to use the word "savings" on their stationery or in advertising. In other words, can national banks use the words "savings department" or should they use the words "interest department"?

Very truly yours,

Cashier.

Answer: Section 19 of the Federal Reserve Act provides that demand deposits within the meaning of the act shall comprise all deposits payable

within thirty days, and time deposits shall comprise all deposits payable after thirty days and all *savings accounts* and certificates of deposit which are subject to not less than thirty days' notice before payment. Congress, therefore, authorizes the payment of interest on deposits as an incident of the banking business.

The question arises whether or not a state law, which prohibits banks not organized as savings banks from advertising that they will receive savings accounts, can be held to prohibit national banks from publishing such advertising and soliciting such accounts.

The New York Bank Act (Sec. 279) provides:

"No bank, national banking association, trust company, individual, partnership, unincorporated association or corporation other than a savings bank or a savings and loan association shall make use of the word 'saving' or 'savings' or its equivalent, in its banking business, or advertise or put forth any advertising literature or sign containing the word 'saving' or 'savings,' or its equivalent, nor shall any individual or corporation other than a savings bank in any way solicit or receive deposits as a savings bank. Any bank, national banking association, trust company, individual, partnership, unincorporated association or corporation violating this provision shall forfeit to the people of the state for every offense the sum of one hundred dollars for every day such offense shall be continued."

The California statute is essentially the same. The Superintendent of Banks of California served notice on a national bank that he would impose the penalties provided by the law upon banks soliciting savings accounts, and the Federal Reserve Board was asked for a ruling.

Mr. M. C. Elliot, counsel for the Federal Reserve Board, in an opinion printed in the May, 1915, Bulletin of the Federal Reserve Board, made the following ruling:

"It is a well-accepted principle of constitutional law that the authority of the Federal Government is supreme in the exercise of those powers vested in Congress, and that a state cannot interfere with the administration of laws enacted by Congress to aid in the execution of a governmental function. The Supreme Court of the United States in the case of Farmers and Mechanics National Bank vs. Dearing, reported in 91 U. S., 29, 33, states:

"The national banks organized under the act are instruments designed to be used to aid the Government in the administration of an important branch of the public service. They are means appropriate to that end. Of the degree of the necessity which existed for creating them Congress is the sole judge.

"Being such means, brought into existence for this purpose, and intended to be so employed, the States can exercise no control over them, nor in any wise affect their operation, except in so far as Congress may see proper to permit. Anything beyond this is 'an abuse, because it is the usurpation of power which a single State cannot give.' Against the national will 'the States have no power, by taxation or otherwise, to retard, impede, burthen, or in any manner control the operation of the constitutional laws enacted by Congress to carry into execution the powers vested in the General Government.'" Bank of the United States vs. McCulloch, supra; Weston and Others vs. Charleston, 2 Pet., 466; Brown vs. Maryland, 12 Wheat, 419; Dubbins vs. Erie County, id., 419.

"The power to create carries with it the power to preserve. The latter is a corollary from the former.

"The principle announced in the authorities cited is indispensable to the efficiency, the independence, and, indeed, to the beneficial existence of the General Government; otherwise it would be liable, in the discharge of its most important trusts, to be annoyed and thwarted by the will or caprice of every State in the Union. Infinite confusion would follow. The Government would be reduced to a pitiable condition of weakness. The form might re-

main, but the vital essence would have departed.

"Inasmuch, therefore, as Congress has the right to authorize national banks to charge interest on accounts and to include in such accounts what are generally known as 'savings accounts,' and since it has exercised this right, it would seem that the California statute referred to cannot properly be so construed as to defeat this right.

"I cannot agree with Mr. Williams (Banking Superintendent for California) that depositors would necessarily be led to assume that savings accounts received by national banks would be subject to investment according to State laws; and while national banks should not be permitted to advertise themselves as 'savings banks,' since they are not so designated in the act, power is specifically granted to member banks to receive interest-bearing accounts, including 'savings accounts,' and since they possess this power the right to advertise for such accounts would seem to be a necessary incident to its exercise.

"It is not believed, therefore, that the penalties prescribed by section 49 of the bank act of the State of California could be legally enforced against a national bank which advertises that it will receive and pay interest on savings accounts."

The New York State Banking Department takes the position that soliciting *savings accounts* by banks other than savings banks and building and loan associations is unwarranted and violates the section above quoted.

The question has never been judicially decided, but the Department has ruled that it will proceed to enforce the penalties upon any bank which advertises or solicits "savings accounts" by that name. If you do not care to enter into controversy with the Department and make a test case, your safe course is to avoid the word "savings," and use in its place "interest" or "special" or some other term that will not conflict with the ruling of the New York Banking Department.

Stopping Payment on Check

La Ceiba, Honduras, October 21, 1916.

Editor Bankers Magazine:

Sir—As I am a subscriber to your Magazine and note that you are willing to give your opinion on banking cases, I would appreciate your views on the folowing case:

"A" bought a check in favor of "B" from a bank in one country on a bank in another country, and a week afterwards came to the bank that issued the check and requested them to stop payment. "A" received the money back, upon advice from the bank on which it was drawn that it was still unpaid. In the meantime "B," who was in possession of the check, negotiated the same and it went through the hands of different parties, all acting in good faith and thinking that the check would be paid on presentation.

The last holder of this check, on presenting it for final payment was informed that payment was "stopped," and demand was then made for the value of the check on the bank that issued it. I would like to know who is responsible for the payment of the check.

While I know that the last holder has recourse on the previous one, and so on, I think that the bank that issued the check and refunded the money a week afterwards to the original purchaser is liable, and their only recourse is the purchaser of the check; or, is only the last endorser liable to the bank that cashed it for him before sending it to the payee bank.

Yours very truly,

Subscriber.

Answer: The bank in this case has the same right as an individual depositor to stop payment on its checks before they are presented. It has exercised this right. If you will analyze the course of this transaction you will see:

A buys a check to the order of B; B passes the check on to a third party, thereby placing B in possession of the cash or its equivalent. The last holder presents the check at the bank drawn on, and finds payment has been stopped. He therefore looks to his endorser, and he to his endorsor, and so on back to B, who must refund the amount received for the check, leaving A and B in the original position of debtor and creditor.

The bank issuing the check might have safeguarded itself by requiring indemnity from A, against complica-

tions, but it had a right to rely upon the stop order, which proved effective. It would have been perfectly safe without any such indemnity, if the order reached the drawee before payment was made.

Tom Lacks Loyalty

[From "The Pace Student"]

THIS is sure a fine place to work in, if you say it quick!" exclaimed Tom, disgustedly. "A fat chance a fellow has to get ahead here! All those ginks in the front office think about is profits and dividends. They don't care a tinker's hurrah about us poor boobs that do all the work except to get as much as they can out of us without paying any more than they have to. Talk about opportunities for a chap to get ahead. Nothing but 'bull,' and it's worse here than anywhere else I know of."

"Quite an anarchist this Saturday afternoon, aren't you?" commented Walter drily. "Everything that is in business is wrong, and especially in the concern in which you earn your bread and butter; and all because you've made a mistake in your trial balance and have to stay here overtime on Saturday! Your reasoning power does you great credit!"

"That's all right. Make fun of me if you want to," rejoined Tom, nettled at Walter's ironical reply; "but I'd like to know where this old sweat-box would go if it wasn't for fellows like us. It would'nt last a year; it would go on the rocks the first thing you know."

"Get back to earth!" answered Walter. "You're not saying anything; you're just exercising your jaws, and you know it. You've got a splendid chance for promotion right here; so have I; so has every other young fellow that develops his usefulness for a bigger thing than he's doing. It's simply a question of delivering the goods."

"Like fun it is!" began Tom, grouchily.

"You've talked enough," continued Walter, regardless of Tom's interruption. "It's my turn now. You spoke about the men in the front offices. Every one of them fought his way up to where he is now from a routine job, and most of them began with this company. And there was one thing that they all had from the start and always kept, whether you know it or not."

"What was that?" queried Tom, showing a little interest.

"Loyalty," snapped Walter, "Loyalty to their jobs, loyalty to the officers, loyalty to the organization. If things went askew with them, they didn't begin to pan everybody and everything in sight; and they've got ahead. So will you, if you wait awhile and show that you are loyally devoted to the best interests of the company. If you keep on snarling and crabbing, you'll stay where you are or be kicked out. Mark what I tell you!"

"I guess there's something in what you say," replied Tom, his common sense returning, especially now that he had recalled the oversight that had caused the trouble in his trial balance. "I'll try to keep the lid on my temper. I know you don't get anything by letting off steam."

Tom has come to his senses. Nobody gains anything, even under trying circumstances, by saying spiteful, disloyal things about the organization. One of the most valuable qualities that any man can possess who wishes to progress and succeed in business is loyalty. It is loyalty that makes personal and organization achievement possible. Walter knows that to be true, and Tom will have to learn its truth before he can give the best of himself to his daily work and thereby brighten his chances for advancement.

International Banking and Finance

Great Britain's Financial Strength—British and German Credit Systems*

IT is now two and a half years since this war began. We, as well as the other belligerent countries, have been losing our manhood and sacrificing our resources, and the end is not yet in sight. We must look for further sacrifice of life and still further wastage of our resources. But as we stand to-day, we are in the midst of great economic phenomena. Our country is overflowing with money and credit. Large profits are being made, due greatly to increased prices, and our working classes are earning larger wages than ever before; some are spending freely, others are saving. The same conditions prevail in Germany, and as one reviews the position, one is inclined to ask, how is this credit created, and where does the money come from?

THE CREATION OF CREDIT

You all know what credit is. If one person lends and another borrows, the one gives credit and the other receives it. If you buy goods and do not pay for them at once, you are said to get credit. Whenever a loan is made, credit is created. Bankers are great manufacturers of credit. When you pay cash to a bank—meaning by cash gold, silver, notes and copper—you are credited with the amount paid in, but the cash going into the reserves forms the base for a larger credit. When you draw out cash, you reduce the base for the credit. If you eliminate these two transactions, i. e., the payment in and withdrawal of cash, then nearly all loan transactions of banks create credit. To understand this statement clearly, assume that all banks in this country are combined as one bank and that a customer borrows from it, say £100,000, but does not withdraw actual cash, then two different kinds of transactions are seen to take place. In London, the £100,000 would be placed to the credit of the borrower, who would most probably at once begin to draw out the amount by checks to pay for purchases. The checks would go to the credit of the sellers of the goods, and, when the whole sum had been drawn out, there would still be the whole of the £100,000 credit outstanding, although it might stand to the credit of a great number of persons. Technically, we say of such transactions the loan has created a credit of equal amount. In the provinces, the transactions would be somewhat different. The customer might still be granted a loan of £100,000, but, instead of having the amount placed to his credit, he would begin to draw checks and

SIR EDWARD H. HOLDEN, Bart.
Chairman, London City and Midland Bank, Limited

would continue to do so until he had raised his indebtedness to the sum agreed upon. The result would be the same as in London, because all the checks drawn would go to the credit of the persons receiving them. The loan would in the same way create credit. If the banks are no longer com-

*Speech by Sir Edward H. Holden, Bart., Chairman of the London City and Midland Bank, Limited, at the Annual General Meeting of Shareholders, Held at the Cannon Street Hotel, London, on January 26, 1917.

bined as one bank but are regarded as separate institutions, the loan might be made by one bank and the credit created might be in some other bank or banks, but the loan would still have created the credits. These credits will continue to circulate until the loan is paid off. When the repayment of the loan takes place, it may be done either by the credits created by the loan or by credits created by some other loans.

NECESSITY OF ADEQUATE RESERVES

The making of loans and the creation of credit might thus go on continuously were it not for the fact that all the credits are diffused among different people, who pay them to their accounts with their banks on condition of repayment by the banks on demand or at short notice. These two conditions compel the banks to hold sufficient liquid resources (that is, legal tenders, or, as Americans say, "lawful money") to meet the repayment of any credits which are demanded from them. There is no specified amount of reserve designated as necessary in any country except America, where the naitonal banks in the three central reserve cities are compelled to hold in reserve not less than eighteen per cent. of their deposit liability. Banks in other reserve cities must hold fifteen per cent. and banks in the country twelve per cent. Under the Federal Reserve Act, the twelve new reserve banks (which really form one bank) must keep a reserve of forty per cent. in gold against the liability on the state notes issued through them, and a reserve of thirty-five per cent. in gold or lawful money against their deposit liabilities. If, after the above explanation, you can understand the statement that loans create credits and that adequate reserves must be held to protect those credits, then you will understand the principles on which the banking systems of the whole world are carried. Of course, the loans take different forms, such as short loans, advances to industry and commerce, bills of exchange discounted, treasury bills bought, investments in Exchequer bonds, investments in long loans and in various other ways, and the credits created are repayable on demand, at short notice, and sometimes at long terms. The truth of these observations can be clearly seen if you examine the statements of the bank of England, the Reichsbank, the Bank of France, or the Imperial Bank of Russia.

THE BANK OF ENGLAND'S POSITION

Take, for example, the Bank of England. In the statement of July 29, 1914, the last statement issued before the war, the loans, after allowing for capital and reserve, were £40,268,000, and the credits, after allowing for cash credits, were £40,268,000. Here again the loan created a credit. In the statement at the end of December, 1916, the loans, after allowing for capital and reserve, were £145,786,000, and the credits, after allowing for cash credits, were £145,-786,000. We, therefore, see that the Bank of England had created between these periods credit of which the balance outstanding on December 28, 1916, was £105,518,000. When loans are made by the Bank of England they are made under two headings, namely:

"Government Securities" and
"Other Securities,"

and the credits created are under two heads also, namely:

"Public Deposits," which are Government deposits, and
"Other Deposits," which include the credits belonging to other bankers (which constitute a part of their reserves), and credits belonging to other persons or firms.

When loans are made by the Bank of England they may be for our own Government, for other Governments, or for firms, but where there is an increase or decrease in the amounts under one or both of the two headings "Government Securities" and "Other Securities," there is also an increase or decrease in the amounts under one or both of the two credit headings "Public Deposits" and "Other Deposits," unless cash is taken out by the loan or paid in by a deposit.

JOINT STOCK BANKS

Just as the central banks of every country create credit by loans, so the joint stock banks of all countries do the same. In England, nineteen of our principal banks (excluding the Bank of England), at the end of June, 1914, showed loans of all kinds amounting to about 720 millions, after the capitals and reserves of 76 millions had been deducted, and the deposits or credits, after cash reserves of 118 millions had been deducted, amounted to about 720 millions. In the statements for June, 1916, the same banks showed loans of all kinds of about 844 millions, after deducting capital and reserve amounting to 73 millions, and deposits or credits of 844 millions, after cash reserves of 186 millions had been deducted. The loans increased 124 millions and created banking credits of a similar amount. During this period the Bank of England created credits amounting to 69 millions. Thus the principal joint stock banks, together with the Bank of England, have created on balance banking credit between these two dates to the etxent of about 193 millions. The creation and working of these credits are very remarkable. Suppose a foreign government borrowed £1,000,000 from the bank;

according to the above reasoning £1,000,000 would be placed to the credit and debit of the foreign government. Such government would use the credit to pay for purchases or other liabilities, and such payments would most probably go to the credit of other persons or firms with the joint stock banks, thus increasing the deposits of those banks, but the checks drawn would go through the clearing-house to the debit of the foreign government and to the credit of the joint stock banks at the Bank of England, thus increasing the bankers' reserves with that institution. The position of the Bank of England would not be altered, the only difference being that the credit of the foreign government would have been reduced, and the credit of the joint stock banks receiving the checks would have been correspondingly increased. In fact, it is remarkable how little the credits at the bank of England vary unless special transactions take place.

CREDIT CREATED BY GOVERNMENT BORROWINGS

Having seen the manner in which the Bank of England and the joint stock banks create credit, let us now see how the Government has created credit, and how it has been responsible for some of the banking credit which has been created since the war began. You will remember that, in order to meet the demand for small currency at the beginning of the war, the Government issued £1 and 10s notes. The issue has been increased at an average rate of about £1,000,000 per week, and, by the end of December, 1916, the notes in circulation amounted to over 150 millions sterling. These notes are a most important part of our finance, because they play the same part as gold and Bank of England notes, inasmuch as they form a portion of our reserves upon which loans are granted and credits created, and, in our reserves, they assist in the protection of our credits. Let us now turn to the Government borrowings and see how the money has been found to carry on the war and how further credit has been created. The Government has borrowed, between August, 1914, and December 31, 1916:

When the people see that the Government has borrowed such a large amount, and knowing that the deposits of the banks of the United Kingdom before the war did not amount to more than about £1,100,000,000, and that the available reserves did not amount to more than about £300,000,000, they must ask themselves how it has been possible for the Government to borrow over £3,000,000,000?

	Payable		
By 3½% Loan	1928	£332,000,000	
By 4½% Loan	1945	592,000,000	£924,000,000
By 3% Exchequer Bonds	1920	48,000,000	
By 5% Exchequer Bonds	1919-20-21	334,000,000	
By 6% Exchequer Bonds	1920	159,000,000	
		£541,000,000	
By Treasury Bills (net)	Within 12 months	£1,100,000,000	
By War Expenditure Certificates	Within 2 years	30,000,000	
By War Savings Certificates	1921	42,000,000	
By "Other Debt"	Within 5 years	203,000,000	
By American Loan	1920	51,000,000	
By Temporary Advances	(Net)	141,000,000	£2,108,000,000
Making total cash receipts			£3,032,000,000
These borrowings have been reduced by the redemption of 3⅓%: War loan, 3%. Exchequer bonds and other debt to the extent of about			180,000,000
Leaving net borrowing of about			£2,852,000,000

FINANCING A GREAT LOAN

Whenever a Government loan has been brought out, the custom has been for the amount of the loan applied for to be taken in instalments from the joint stock and other banks and placed to the credit of the Government with the Bank of England; for the Government to pay their indebtedness out of such credits to their creditors, and for such creditors to place the amounts received to their credit with the banks again. There is a limit to the size of a loan if it is to be paid up in full. For example, suppose a loan be for £350,000,000, and to be paid up in full—then this amount would be withdrawn from the banks and paid to the Bank of England; but, as the reserves of the banks are not at the present time much larger than this figure, the effect of paying such an amount in full might be to inconvenience them, because their reserves would be taken away until sufficient time had elapsed to allow the payments by the Government to get back through the business firms and the working classes to the banks again. To meet this position the loans are made payable by instalments and at arranged periods, in order that each instalment may have time to get through the Bank of England, through the business firms and back into the banks before another instalment is required. In the case of the four and one-half per cent. loan in 1915, the subscription lists were open from June 21 to July 10, or a period of twenty days, and the instalments were payable every fortnight between July 20 to October 26, making eight instalments in all. The last German war loan was open for subscription from September 5 to October 6, a period of thirty-one days, and payments were fixed in four instalments extending from October 18 to February 6, 1917. The lists for our new loan were opened on the 13th of this month, and will close on February 16, there will be five instalments, and other satisfactory arrangements have been made to prevent any considerable dislocation of the reserves of the banks.

SHORT TERM BORROWINGS

There is no disorganization of banks' reserves when the Government borrows on Treasury bills, exchequer bonds and other short term securities, because the amounts lent on them, although withdrawn from the banks, are not of sufficient weekly magnitude to inconvenience the reserves of the banks before they are again replenished by the return of the withdrawals. If, for example, we examine the Treasury bill transactions from January 1 to December 31, 1916, we shall find that although the Government has received no less than £2,575,000,000 on account of these bills, the maturities during this period have amounted to £1,855,000,000, leaving net receipts by the Government of about £720,000,000. Reducing these figures to a weekly average for the whole of the year, the receipts have amounted to about 49½ millions, and the redemptions to about 35½ millions, leaving receipts by the Government on balance of about 14 millions sterling per week. The Government will spend this £14,000,000, and all the cash which has been taken from the joint stock banks in respect to the Treasury bill transactions during the week will return to them through the accounts of the Government creditors, thus facilitating the financing of the next transactions.

REVOLVING CREDIT

It is now becoming clearer how this vast amount of borrowing has been carried through. To make it perhaps clearer still, think of the revolutions of a wheel. The banks place in the wheel the payments they make for those customers who have subscribed for the loans; the wheel carries these payments to the credit of the Government with the Bank of England, and the subscribers receive their securities; the Government then places in the wheel checks, in payment of commodities received and services rendered, for conveyance to their creditors, and the creditors then use the wheel to carry these checks to the credit of their accounts with their banks, which reestablishes the banks' reserves and prepares them for another instalment. This procedure has gone on daily and weekly with the short securities and periodically with the two long-term securities. It must be observed that when a deposit is placed to the credit of the Government with the Bank of England, there is an end of that deposit as far as the customer is concerned. When the Government gives out checks, which are afterwards received by the joint stock banks, a new set of depositors is created, who, in their turn, take up other loans. In this way continuous series of new depositors are created who have taken up in the aggregate the large amount of Government loans. But if it should happen that any of the payments made by the Government should be taken away in gold, then those payments do not get back to the banks, and consequently there is a diminution in the amount of the new deposit; and, further, in case the Government uses any portion of a credit for the purpose of paying off a debt to the Bank of England, the deposit does not go forward, because it has been used to pay off a loan which has itself previously created a credit. The questions then arise—When does a loan to the Government result in the creation of credit and when does it not? Banking credit is created when Government loans are taken up by banks on their own account, or when banks make advances to their customers to enable them to subscribe

for such loans, because the cash, which has been taken from the bankers' reserves to subscribe for the loans, ultimately comes round again to the banks and forms new deposits in the manner we have already described. When, however, bank depositors use their deposits to subscribe for loans, the revolutions of the wheel show that these deposits are merely transferred to the Government and, after disbursement by the Government, find their way back to the joint stock banks through the accounts of the Government contractors. There appears here to be no creation of credit but merely a transfer from the subscriber to the Government, from the Government to the contractors, and from the contractors back to the banks. The same deposit is capable of being driven round the wheel continuously so long as its different owners are willing to take up Government loans, and during each revolution of the wheel an additional amount of loan is paid for. From these observations it can be clearly seen how, with total deposits of about £1,100,000,000 in the banks of the United Kingdom at the beginning of the war, the Government has been able to borrow over £3,000,000,000; and, further, that when the Government issues loans, and such loans are taken up either by customers of banks or by banks themselves, the operations are carried through by using for a time bankers' reserves.

WHERE THE MONEY COMES FROM

I stated at the beginning of my address that our country is overflowing with money and credit. We have seen how the credit is created. Now let us see where the money comes from. In regard to payments on account of commercial transactions, conditions in this country are different from those prevailing in Germany, inasmuch as such payments are made here mainly by check, while in Germany they are made mainly by bank notes. We, therefore, do not require so large an amount of notes as they do. On the outbreak of war, the Bank of England notes in circulation amounted to about 29 millions sterling and the Reichsbank notes in circulation to about 94 millions, but the necessity immediately arose in both countries for additional notes of small denominations. In Germany, they issued their Darlehnskassen notes, i. e., the loan bank notes, which on December 31, 1916, amounted to 170 millions sterling. These notes are really issued from the German National Debt Office and they are delivered under the direction of the Imperial Chancellor to the loan banks, by whom they are paid out to borrowers against different kinds of securities.

They are obligations of the German Empire, and are taken at their full nominal value by all Imperial exchequers as well as by all public offices, but in private commerce their acceptance is not obligatory. They are, therefore, not legal tender, but the joint stock banks hold them in their reserves because they can at any time exchange them for the legal-tender Reichsbank notes. Even the notes of the Reichsbank were not legal tender prior to 1909, and in this respect they were similar to the new Federal Reserve notes in America. Loan bank notes have a further peculiar attribute, which is that they may be held by the Reichsbank as a part of the one-third cover for the Reichsbank note circulation in the same way as gold. In other words, a Darlehnskassen note may be used as a base on which to issue a Reichsbank note. This would be equivalent to using a currency note as a base on which to issue a Bank of England note. The Scotch and Irish banks are allowed to issue a certain fixed amount of notes without cover, and before the war they were compelled to hold gold and silver against all notes issued in excess of that amount, and they were not at that time legal tender; but now, since the war, they are legal tender in their respective countries, and the banks may issue them on the base of currency notes, which is analogous to the Reichsbank issuing its notes on the base of the Darlehnskassen notes.

PAPER CURRENCY

Our currency note, as you are aware, is a Government note, like the gold certificate issued by the Government of the United States, but in the latter case the notes are covered to the extent of 100 per cent. in gold, whereas in the former case they are covered to the extent of twenty per cent. in gold. By this time, I presume those of our people in this country who understand this subject are convinced of the necessity of holding more gold than was held before the war. If, when the war is over, we accumulated one hundred millions sterling of gold, and issued aaginst it one hundred millions sterling of £1 notes, we should not only improve our credit but we should have a stock of gold, two-thirds at least of which might be used in case of necessity. You are aware that the Bank of England cannot increase its note issue except against gold unless the Act of 1844, which up to now has been found to be a great obstacle, be suspended; but the issue of currency notes may be increased without restriction. The issue of Reichsbank notes is also limited by law and by tradition to three times the amount of gold held, but the issue of Darlehnskassen notes may be increased to any extent by the Bundesrat.

Just as the notes of the Reichsbank, the Darlehnskassen notes, and the notes of the other German banks, together with the silver currency at present constitute the circulating medium of Germany, so the notes of the Bank of England, the currency notes, and the notes of the private and joint stock banks, together with the silver currency, constitute the circulating medium of this country, leaving out of consideration the check currency. The circulating notes in this country at the end of December, 1916, were:

Bank of England notes.....about		£39,000,000
Currency notes	"	150,000,000
Notes of private and joint stock banks of the United Kingdom	"	34,000,000
		£223,000,000

Before the war they were:		
Bank of England notes...	"	£29,000,000
Currency notes		Nil
Notes of private and joint stock banks of the United Kingdom	"	16,000,000
		£45,000,000

In Germany the circulating notes on December 31 last were approximately:

Reichsbank notes................	£403,000,000
Darlehnskassen notes	170,000,000
Reichskassenscheine	18,000,000
	£591,000,000

Before the war they were:		
Reichsbank notes ....about		£94,000,000
Darlehnskassen		Nil
Reichskassenscheine	"	6,000,000
		£100,000,000

The notes of certain state and other German banks are not included, as the figures are not at present obtainable.

I will leave the consideration of these figures to those who wish to study their effect on the prices of commodities in the two countries.

GERMANY'S FINANCIAL SYSTEM EXPLAINED

Turning now to Germany. In order to properly consider the German financial system we cannot avoid, particularly at the present time, making an examination of the constitution of the Reichsbank, the institution in which the whole Germany financial system is centralized and which acts as the central bank for most of the great joint stock banks of Germany. The Reichsbank, or Imperial Bank of Germany, is a private concern, and the shares are held mostly in Germany and Holland. The Government holds none of the shares. There are three boards controlling this institution. The first is called the curatorium, the second the direktorium, and the third the Ausschuss. The first board, the curatorium, is composed of five members. The head of this board is the Imperial Chancellor, at present Herr von Bethman Hollweg. The second member is appointed by the Kaiser, and the remaining three are members of the Bund-

esrat, which is, as you know, the Federal Council, consisting of representatives from the Federal States. The curatorium meets every three months, and the Chancellor has supreme power. The second board, the direktorium, is composed of nine members, including the president and vice-president. These directors are appointed by the Kaiser for life on the recommendation of the Bundesrat. This board meets weekly and directs the business of the bank. The third board, the Ausschuss, is composed of fifteen shareholders who are elected at the annual meeting with fifteen alternates. This body meets monthly, and from among its members selects a committee of three, with a corresponding number of alternates. The members of this committee are called deputies; they meet weekly with the direktorium and work with that body. You will observe from this that the direction of the bank is actually under the control of the Kaiser through his Minister, Herr von Bethmann Hollweg, and it would, therefore, appear that the bank's operations can be directed along whatever lines he chooses to dictate. We shall see later what those lines have been. In addition to its function as the bank of issue for the Government, the Reichsbank carries on an ordinary banking business. In times of peace its notes are secured according to law by gold bullion or coin, Imperial Treasury notes, and current German money to the extent of one-third of the notes in circulation; but since the war, by the law of August 4, 1914, they have added another form of cover, viz., the notes of the Darlehnskassen, that is, of the small loan banks which have been established in different parts of the Empire and at which advances on all kinds of securities may be obtained. The custom of the Reichsbank, however, has always been to maintain a minimum cover of thirty-three and one-third per cent. in gold only against its notes in circulation, and we shall observe both the efforts which have been made to maintain this cover and the success which has attended them. When, therefore, we speak here of the Reichsbank notes being secured, we mean secured by gold only. When the war began in July, 1914, the amount of such notes in circulation was about 94 millions sterling, and by December 31 of that year they had increased to 252 millions, an increase of 167 per cent. By the 31st of December, 1915, they had further risen to 346 millions, an increase over July, 1914, of 266 per cent., and by the end of December, 1916, they had reached a total of 403 millions, an increase since the beginning of the war of about 328 per cent. The gold held by the Reichsbank on July 23, 1914, was 68 millions, being a percentage of 71.7 to the notes in circulation. On December 31 of that year it had increased to 104 millions,

while the percentage to the notes had fallen to about forty-one. By the 31st of December, 1915, the gold had further increased to 122 millions and the percentage to the notes had again fallen to 35.3, and by the end of December, 1916, the gold amounted to 126 millions and the percentage had fallen to 31.3. We thus see that since the beginning of the war the notes of the Reichsbank have increased 328 per cent., and the gold about eighty-five per cent., while the percentage of gold to notes has fallen from about 71.7 per cent. to 31.3 per cent, or a fall of over fifty-six per cent. It may be observed that every return of the Reichsbank since the beginning of the war, with the exception of the one issued on December 30, 1916, shows that the traditional cover of one-third of gold to the notes in circulation has been maintained.

THE POSITION OF THE REICHSBANK

We have always spoken of the ratio of gold to notes, but we must remember that the liabilities of the Reichsbank consist of deposits in addition to notes and that the gold is not actually earmarked for the notes alone. It is, in fact, also available for the deposits, although the Reichsbank is not required by law to maintain any legal reserve against these liabilities. At the beginning of the war the deposits amounted to about 47 millions sterling. In December, 1914, they were 88 millions sterling; in December, 1915, they had risen to 118 millions; and by December, 1916, they had reached 228 millions, an increase of 383 per cent. since July, 1914. The ratio of the gold held to the notes in circulation and deposits combined has been:

	Per Cent.
July 23, 1914	47.8
December 31, 1914	30.5
December 31, 1915	26.3
December 30, 1916	19.9

These figures show a continuous fall in the ratio.

The corresponding ratios of the Bank of England at the same periods were:

	Per Cent.
July, 1914	45.2
December, 1914	36.1
December, 1915	26.0
December, 1916	24.1

This comparison is, however, somewhat imperfect, inasmuch as in the case of the Reichsbank the notes of the Darlehnskassen, amounting at the end of December, 1916, to about 170 millions sterling, and aaginst which no gold is held, are not included, and in the case of the Bank of England the Government currency notes, amounting to about 150 millions sterling, with a gold reserve of 28½ millions, are also not included in calculating the ratios. If we add together the notes of the Reichsbank, the deposits of the Reichsbank and the notes of the Darlehnskassen, we get a total liability at the end of December, 1916, of about 801 millions, against 126 millions of gold, giving a ratio of 15.7 per cent. In like manner, if we add together the notes in circulation of the Bank of England, the deposits of the Bank of England and the currency notes of the Government, we get a total liability of 368 millions against a total amount of gold of over 81 millions, giving a ratio of about twenty-two per cent.

GERMANY'S GOLD COLLECTION

During the progress of the war, the Reichsbank authorities have foreseen that there would be a tremendous increase in their note circulation, and that it would be absolutely necessary for them to put forth extraordinary efforts to gradually increase their gold as the note issue increased. I have told you on a previous occasion of some of the methods which they adopted to increase the gold holding of the Reichsbank, and it may be interesting here to recapitulate those methods, while adding others which have since been introduced.

(1) Travelers have been stopped at the frontiers and their gold taken from them in exchange for notes.

(2) The clergy have preached from the pulpits urging the people to give up their gold and take notes.

(3) Gold ornaments have been melted down and the metal sent into the Reichsbank in exchange for notes.

(4) The soldiers have been given certain privileges in exchange for any gold which they could collect.

More recently the holders of hoarded coins were threatened that the gold in the possession of the bank would be recoined and the design changed, and that their hoarded pieces would no longer be regarded as currency. In this way, it was hoped to drive into the Reichsbank a considerable portion of the hoarded gold coin, said to amount to about 30 millions, but apparently the proposal has been abandoned as impracticable. Again, with a view to collecting gold in the form of plate, jewelry, etc., estimated to contain gold to the value of 100 millions sterling, the whole country has been agitated and committees have been appointed in every town and village to urge the surrender of ornaments. Offices have been established where gold may be handed in and Reichsbank notes given in exchange, and inscribed iron medals are given to those who deliver up their gold. The counterfeiting or circulating of these medals is severely punished by law. It is also urged that pearls and other valuables be delivered up, so that they may be sent to neutral countries in payment for credit. And, finally, we hear that people are to be asked to make a declaration on oath that they have

no gold in their possession, and that if they decline to make it their names are to be posted up in public places. In view of the decline in the ratio of gold to circulation, it is quite evident that, in order to maintain their gold covering of one-third, it has been necessary to use every possible method for increasing the gold holding of the Reichsbank. We have in this country, from time to time, seen the German banking system extolled and compared with ours to our disadvantage, the charge against us being that we are behind the times. In our check system, however, we have a very definite instance where we are not by any means behind German times. If they had developed their check system as they are now seeking to do, so that payments could be made by means of checks instead of bank notes, then obviously a less amount of notes would be required, and consequently less gold. In increasing their note issue, they have had to keep before them the maintenance of their gold reserve. They were aware that Reichsbank notes would be circulated freely in the conquered and occupied territories of Belgium, France, the Balkans, and Poland; indeed, in Constantinople, the German mark has been so plentiful that it has depreciated in relation to Turkish money. It would appear that as first it was the policy of the German Government in the conquered countries to replace the national note circulation with Reichsbank notes. This, of course, resulted in a large increase in the circulation of these notes against which it was necessary to hold the proportion of one-third in gold. In September, 1916, the Reichsbank authorities began to feel the inconvenience of maintaining the requisite amount of gold against the large amount of notes then in circulation, so they turned their eyes to Belgium, where a large quantity of mark notes were circulating. These notes had doubtless been carried to that country by the German soldiers. The German Government had made an arrangement in December, 1914, with the Société Générale de Belgique whereby the latter would issue Belgian franc notes on condition that German notes for 100 marks should be held against every 125 francs of Belgian notes put into circulation. This was the fixed rate of convertibility between the mark and the franc. This arrangement was based upon the knowledge that people prefer to use notes in their own currency rather than notes in a foreign currency. Consequently, in the case of Belgium, the mark notes, which had been circulated by the soldiers, would flow into the banks and the franc notes would flow out into circulation. As a result of this process, the Belgian banks accumulated large amounts of German notes. If the circulation became too aggressive, it was an easy matter to cancel a portion of the notes and transfer the liability on their account to the deposits. As I have previously stated, the pressure of the notes in circulation on the gold reserves in the Reichsbank in September, 1916, began to cause inconvenience and the German Government thereupon cancelled about 20 millions sterling of Reichsbank notes, held in Belgium by the Belgian National Bank and the Société Générale de Belgique, and transferred the liability in respect to them to Deposit Account in Berlin, thus relieving the Reichsbank from the necessity of holding gold against them.

DIFFICULTY IN CIRCULATING GERMAN MONEY

In regård to the invaded and occupied Russian territory, the German troops found great difficulty in circulating their German money, and it became necessary to provide them in some way with roubles to enable them to make their purchases; but, as the roubles could only be obtained from Berlin, the demand for them caused a considerable rise in their price in relation to German money. To overcome this difficulty, the German authorities established in Poland a system of Darlehnskassen banks through which loans could be made. These banks have been put under the control of the chief command of the army, and an officer has been appointed in each case to superintend the granting of loans. The mayors of the different towns have been empowered, in concurrence with the military command, to borrow moneys from these loans banks, of course in the form of roubles. Loans are made for a period of three months against the security of either German or Russian bank notes and certain specified securities and non-perisnable goods. The notes are issued in denominations up to 100 roubles, and the total issue is limited to 100 million roubles. They are printed in German, Lettish, Lithuanian and Polish, are legal tender, and are taken at the same value as the Russian rouble. Of course the creation of these legal tender notes again relieved

the Reichsbank from the necessity of having to hold more gold.

From figures previously quoted we find that for every £100 of notes issued in Germany before the war there are now £428 of notes in circulation. How have these notes been increased?

THE INCREASE IN REICHSBANK'S LOANS

We now come again to the question of the creation of credit, in which the Reichsbank has taken so important a part. The Reachsbank makes loans against collateral security, and also by the discounting of bills. By this time you have become familiar with the Treasury bill. This form of bill is issued to a large extent in Germany by the Government in order to obtain money from the Reichsbank, from the joint stock banks, and from the people. Before the war the Reichsbank held discounted bills to the extent, on an average, of about 45 millions sterling. From what I have said previously you will understand that when a firm discounts bills with the Reichsbank, the proceeds of those bills, as in other banks, are placed to the credit of that firm's account, but such credit is not drawn off by checks as in this country, but mainly in bank notes. In this way an increase in discounts means an increase in credit, and when that credit is drawn off, an increase in notes in circulation. If the Government requires accommodation from the bank, it gives the bank Treasury bills, which are discounted and the proceeds placed to the credit of the Government's account. This credit is drawn off in bank notes to pay Government indebtedness, and these notes thus get out into circulation. Let us now see how the loans have increased, and how credit has been created thereby. The total loans and discounts, deducting capital and reserve, amounted

In—

July, 1914, to 53 millions.
Dec., 1914, to 197 millions.
Dec., 1915, to 294 millions.
Dec., 1916, to 511 millions.

and the notes in circulation amounted

In—

July, 1914, to 94 millions.
Dec., 1914, to 252 millions.
Dec., 1915, to 346 millions.
Dec., 1916, to 403 millions.

As I have explained earlier, these loans have created a corresponding amount of credit. We see from the above figures that the whole of the credit created between July and December, 1914, was drawn off in Reichsbank notes; that between December, 1914, and December, 1915, practically the whole of the credit created between those dates was similarly drawn off; but when we come to December, 1916, we find a very different state of affairs. The total credit created at this date amounted to 511 millions against 294 in December, 1915, which means that the borrowings from the bank had created additional credit between December, 1915, and December, 1916, to the extent of 217 millions sterling. We find, however, that the circulation did not increase correspondingly, and amounted to 403 millions only, showing an increase over 1915 of only 57 millions, thus leaving the disposition of 160 millions of credit to be accounted for. This additional credit of 160 millions increased the deposit and other liabilities of the bank to the extent of 120 millions (making deposits of 228 millions) and the remaining 40 millions were drawn off in cash. Why this departure from the settled principle of drawing off the credit in notes of the Imperial Bank? If we refer to the ratios we find that at the end of December, 1916, the ratio of gold in circulation had already fallen to 31.3 per cent., but if the whole of the credit of 217 millions, created between December, 1915, and December, 1916, had been drawn off in notes as on the former occasions, the ratio, instead of falling 2 points, would have fallen to 22.3 per cent., or 11 points below the traditional minimum of thirty-three and one-third per cent. If the Reichsbank had allowed the whole of the new credit to be drawn off in notes, the notes in circulation would have amounted to 563 millions, and 187 millions of gold would have been required to maintain the traditional ratio of thirty-three and one-third per cent. As it was quite impossible to find this gold the bank authorities appear to have determined to do the next best thing, which was to keep the ratio as near to thirty-three and one-third per cent. as possible. The difficulty of finding gold to cover its increasing note circulation explains very forcibly the earnest endeavors of the Reichsbank throughout 1916 to popularize the check as a medium of payment. Chambers of commerce, industry and agriculture throughout the whole country had been circularized with a view to bringing before their members the advantages of the check system of payment, and the Reichsbank itself, besides extending the system of postal checks to a large number of its branches, has latterly been authorized to provide checks drawn on it with a certificate of confirmation, by which the bank undertakes the obligation of redeeming the checks.

GERMANY'S FIVE WAR LOANS

We have already shown that the notes in circulation in Germany have greatly increased since the war began. This increase has been due largely to Government borrowings. Let us now see how these borrowings have been effected. Germany has adopted the principle of long-term loans, and has on the occasion of each loan sought to gather up and consolidate as much of the floating

debt as possible. Up to the present time, Germany has offered to the public five loans. On four occasions she has offered stock and Treasury bonds, and on one occasion stock only. The stock in each case is irredeemable before 1924, and only reedemable thereafter at the option of the Government, while the Treasury bonds, which correspond to our Exchequer bonds, are redeemable at periods of from 4 to 16 years. It must be noted that in Germany interest on the loans is not subject to taxation at the source. She put out her *first* loan in September, 1914, at 97½, offering stock and Treasury bonds, both carrying interest at five per cent., returning to the investor £5 2s 7d and £5 11s 4d, respectively. The total subscription was 224 millions sterling. Six months later she put out her *second* loan, again offering stock and Treasury bonds at an issue price of 98½ and interest at five per cent., returning to the investor £5 1s 6d and £5 5s 6d, respectively. The total subscriptions was 455 millions. In her *third*, in September, 1915, she changed her policy to a certain extent, and offered to the public stock only at an issue price of 99 and interest at five per cent., returning to the investor £5 1s per cent.; 608 millions sterling were contributed. In her *fourth* loan in March, 1916, stock was offered at 98½ carrying interest at five per cent., and bonds carrying interest at four and one-half per cent. were issued at 95, returning to the investor £5 1s 6d and £5 1s, respectively. The total subscription was 538 millions. In September, 1916, she offered her *fifth* loan in the form of five per cent. stock at 98, and four and one-half per cent. Treasury bonds at 95, returning to the investor £5 2s and £5 1s, respectively. A total of 535 millions was received. In calculating these yields, we have not allowed for redemption in the case of the stock, as it is practically irredeemable, and in the case of the bonds we have taken the average life. From the figures quoted, it appears that the total subscriptions to the five German war loans amounted to £2,360,000,000, which together with her floating debt will raise the total of Germany's war borrowings to over £3,000,000,000. The number of subscribers to the loans appears to have been as follows: To the first loan, 1,177,235; to the second loan, 2,691,060; to the third loan, 3,992,059; to the fourth loan, 5,279,645; to the fifth loan, 3,809,976.

HOW GERMANY RAISED MONEY

How comes it that Germany has been able to raise so large a sum in long-term loans and at so uniform a rate and price of issue? Realizing that she was isolated from the rest of the world, and that the task of assisting to finance her weaker allies would devolve on her, Germany recognized that she would need every ounce of her financial strength. She accordingly developed intensive propaganda methods to ensure as great a success as possible for her loans. The issue of each loan taught her fresh lessons from which she hoped to profit in her subsequent issues, and, for some time previous to the issue of the last loan, we saw her putting into practice the measures and devices which past experience had suggested to her. Now let us see what those measures and devices were:

(1) The subscription period has been extended from eighteen days in the case of the fourth loan to thirty-one days in the case of the fifth.

(2) The periods during which payments may be made have been considerably extended, and in the case of the last loan the final payment is not due until February next. In this way time is allowed for the Government disbursements to be used again in payment of succeeding instalments.

(3) Ample notice is given of the Government intention to issue the loan. For example, it was announced at the beginning of June that the fifth loan would be issued at the end of September.

(4) Special facilities are given to small subscribers.

(5) Subscription offices were opened all over the country, in each one of the 486 branches of the Reichsbank, in all the banks of Germany and their branches, in the offices of all life insurance societies, and credit unions, as well as in all the post offices throughout the country.

(6) State employees have been practically compelled to take up war loan, and in some cases advances out of their salaries have been made for this purpose. Savings banks, municipalities, corporations and private employers have been urged to assist their clients, officials, and employees to invest in war loan by making them advances.

Even the schoolchildren have been encouraged to contribute their mite.

(7) The Government has limited transactions on the Bourse, and has called upon the bankers to aid in the prevention of investment by the public in industrial securities. The large joint stock bankers appear to have co-operated with the Government, and have refused to sell industrial shares to the public on credit. They have limited their share business to the disposal of war loan and Treasury bills, and in this way the disbursements of the Government, instead of flowing into industrial channels, have returned to the Imperial Treasury. The banks appear to have been able to dispose of their holdings in war loan without loss, because the stock was not allowed to fall to a discount.

(8) The Reichsbank offered preferential rates of discount on Treasury bills, provided the purchaser of the bill undertook to devote the proceeds to the loan when it came out and deposited the bill with the Reichsbank for safe custody. Special bills bearing preferential rates were issued to mature on September 30, when payment for the loan might be made.

(9) The banks, presumably under arrangement with the Government, raised their deposit rates, provided the deposits were earmarked for the loan.

In both these latter cases the effect would be to gather up all available funds for the loan, thus preventing their absorption or employment in other ways.

(10) The large joint stock banks offered to redeem foreign bonds (mostly South American) before their due date, provided the proceeds were used for the loan.

The banks also offered to exchange war loan for such foreign bonds or for the debentures of Industrial companies.

(11) Municipalities offered either to redeem their own imports partly by direct payment in dollars out of debentures and thus provide means for investment in war loan or to directly exchange war loan for their debentures.

(12) The loan banks lowered their rate of interest to only a fraction above the Reichsbank rate, thus affording facilities to those who wishes to pledge securities to provide the means for investment in war loan.

(13) The savings banks, the deposits of which have very greatly increased, waived the necessity to give notice of withdrawal.

In these circumstances, it is not surprising that the number of subscribers has risen from 1,177,235 in the case of the first war loan to a maximum of 5,279,645 in the case of the fourth loan.

AMERICA'S ADVANTAGEOUS POSITION

We now come to America. One of her financiers has said: "America since the commencement of the war has made the progress of a generation." Everyone knows that the Allies, being unprepared for war, have had to turn to neutral countries and to the British Colonies for what has been necessary to carry on the war, in addition to what they could supply themselves. The country possessing the largest number of expert workpeople and the largest amount of available raw material was the United States. Assuming that a large proportion of the manufactured articles, the raw materials, and the foodstuffs necessary for the Allies could be procured from the States, the question of finance then arose. When the war commenced in August, 1914, America was not in a very prosperous condition. In the past she had been subject to crises and even to suspension of cash payments, and was just about to establish her central banking system, which she hoped would save her from crises in the future. Having this position before them, knowing that they would have to increase their loans to their own customers (which loans as I have already shown would create liabilities) and seeing that, with a war of such magnitude the demands for productions might become altogether overwhelming, the American bankers realized that special means would be required to meet this difficult position. The necessities of the situation showed that the only power which could solve this difficult problem was gold, and that very little could be effected without it. During the latter half of 1914 the inflow of gold into America was at the usual rate of about 11 millions sterling per annum, and the ordinary flow would seem to have continued up to about February, 1915, but after that month the flow became very large, and during the six months ending June 30th, 1915, 29 millions went into America. The flow became greater in the second half of the year, and from June to December it was 61 millions, making 90 millions for the year. For the first six months of 1916, 37 millions were imported, and from June to the end of December about 99 millions more flowed into America, making 136 millions for the 12 months of 1916, and about 232 millions sterling since the beginning of the war. Of this amount about 212 millions represented the amount of gold contributed by the Allies to form a base for loans. Early in the war the opinion prevailed in America that sufficient gold could not be imported for the purpose of forming a base for a loan superstructure, but this opinion has now not only been modified, but in certain quarters the opinion prevailing is that too much gold has already been sent to America. This I believe to be an entirely erroneous opinion. But, having obtained the base for lending, let us now see how this base has been used. The total foreign loans of all kinds granted by America since the war began amounted on December 1st, 1916, to about 460 millions sterling, of which about 423 millions have been borrowed by England and her Allies.

Out of this amount 177 millions have been borrowed by the United Kingdom, 145 by France, 62 by Canada, 34 by Russia, and 5 millions sterling by Italy. Of the balance of about 37 millions, 24 millions have been lent to South America and 13 millions to other countries. Of these total borrowings of 460 millions, 30 millions have been paid off, and the loans outstanding on December 1st, 1916, amounted to about 430 millions sterling. In America, as in England and elsewhere, domestic and foreign loans are made through the banking institutions, but the American banking system is different from others, inasmuch as in order to check undue expansion or speculation, it is gripped by the law, and certain rigid reserve requirements are prescribed. As we have stated before, the national banks in the three central reserve cities of New York, Chicago and St. Louis must never allow their reserves to fall below 18 per cent. of their demand liabilities. Before the establishment of the Federal Reserve System in 1914, 25 per cent. was required to be so held. In the 51 reserve cities the reserves of national banks must not fall below 15 per cent. against 25 per cent. previously, and the national banks in all other parts of the country, called country banks, must maintain reserves of 12 per cent. against 15 per cent. previously. The additional loaning power due to the large imports of gold from the Allies, taken on an average ratio of 15 per cent., would be over 1,400 millions sterling, and even on the old ratios of 25 per cent., 25 per cent. and 15 per cent., i.e., an average of 22 per cent., the loaning power would be nearly 1,000 millions sterling. The Allies have, therefore, not only found gold for providing the base for loans to themselves, but, in addition, have given the American banks the power to increase their domestic loans, as well as to make loans to other countries, which loans have hitherto been made by London.

THE FEDERAL RESERVE BANKING SYSTEM

Now let us for a moment consider the position of the new Federal Reserve Banking System, which was formed, we understand, for the purpose of providing additional credit when it was actually needed. Under this system the 12 Federal Reserve Banks issue Government notes called Federal Reserve notes. These notes are a first charge on the assets of the Federal Reserve Banks, and the law compels the banks to maintain a reserve of 40 per cent. in gold against the notes which it puts in circulation, and 35 per cent. in gold or lawful money against their deposit liabilities. As far as we understand the working of the system from this side of the water, it appears that the Federal Reserve Board at Washington is represented in each of the 12 Federal Reserve Banks by an agent, who is also chairman of each bank and occupies a separate room on the premises of the bank. The chief function of this official is to issue notes to the Federal Reserve Bank of his district. He receives notes from Washington and issues them to his Federal Reserve Bank in exchange for an equivalent amount of bills of exchange. The bank, according to the law, can only obtain notes by depositing bills of exchange with the agent, but after the notes have been issued the bank may go to the agent again and get back the bills of exchange, depositing therefor an equivalent amount of gold. This would mean in reality that instead of holding 40 per cent. of gold against the notes in circulation, 100 per cent. of gold would be so held, thus locking up 60 per cent. of gold. The combined balance-sheet and statements of the 12 Federal Reserve Banks and agents on December 1st, 1916, showed notes in circulation of 49 millions and deposits of 128 millions, requiring for the notes a reserve of 19 millions in gold and for the deposits a reserve of 45 millions in gold or lawful money, making together 64 millions. But the gold really held was 140 millions, showing 76 millions of gold locked up. The gold imported into America by the Allies is about 212 millions out of a total of 232 millions, but for a superstructure of credit created by total loans of 460 millions, the amount of gold required for reserve is 69 millions only. Therefore, there have been 143 millions of the Allies' gold used for some other purpose, of which it would appear that about 76 millions have been locked up under the Federal Reserve System. The fact that the Reserve Banks are fiscal agents of the United States Government and depositories for Government funds operates occasionally to the disadvantage of the other banking institutions, just as a similar condition in the case of the Bank of England operates at times to the disadvantage of the joint stock banks of this country. Beginning in January and ending in April, there is always a large transfer of resources from the joint stock banks here to the Bank of England in respect to the income tax, and the same thing appears to have taken place last summer in the case of the American banks. From the 23d of June to the 7th of July the Government deposits with the 12 Federal Reserve Banks increased from £12,900,000 to £22,900,000, which deposits were transferred from the other banks, reducing the surplus reserves of the New York Clearing House banks to about 12 millions. This caused the rate for call money in New York to go up to 6 per cent., but by July 22d the loans of the banks had fallen by 24 millions, re-establishing their surplus at 22 millions and reducing the rate to 2½ per cent. Believing, I suppose, that the call rate would continue at or about 6 per cent., the Bank of England, to protect its gold, raised its rate on July 13th to 6 per cent., and this rate was maintained until last week. The rate being so much higher here than in America

caused a large influx of American money. The clearing-house banks in New York are, of course, by law compelled to continually hold 18 per cent. of their liabilities as a reserve and, therefore, their real banking resources consist of the surplus beyond that figure. On November 4th their surplus banking resources were £24,820,000. By December 1st they had fallen to £8,200,000, which caused a rise in the rate for money in New York to 15 per cent. This, of course, resulted in the calling in of loans and a retransfer of the American money from London to the other side. It seems very remarkable after the import of such a large amount of gold—the imports at this time amounting to about 200 millions—that such a stringency should have occurred. One would think that the Reserve Bank would have justified its *raison d'etre* by coming forward to relieve the position, but this was not the case, and the rate was actually brought down again by 20 millions of gold being placed in the market from Canada. On the contrary, it is said that "the Federal Reserve Bank of New York was actually the instrument through which the clearing-house institutions were drained of their supplies of money. Day after day since the early part of November the Federal Reserve Bank has been a creditor at the clearing-house for enormous amounts, and these balances, of course, had to be settled for by the paying over of correspondingly large amounts of money. As indicating the magnitude of these amounts we may note that by Friday (December 1st) the net credit balances in favor of the Reserve Bank of New York reached the huge sum of £17,730,000;" "the Federal Reserve Bank of New York drew enormous amounts out of the clearing-house institutions and could not retain the money, but had to transfer it to other points;"

And further that "in some inexplicable way huge supplies of money pass away from the clearing-house banks into the Reserve Bank, and then disappear never to return."

MAINTENANCE OF THE AMERICAN EXCHANGE

It was at this juncture that the Federal Reserve Board took upon themselves to advise the banks of the country not to make any further foreign loans, either long or short. The construction to be put upon this was that, in order to keep up the exchanges, which of course was as necessary for America as for the Allies, more gold must continue to be imported, and, I suppose, continue to be locked up by the Reserve Banks. It must be admitted that in 1915, when the exchanges fell down to 4.50, it seemed almost incredible that the Allies working together would be able to keep the London-New York exchange at 4.7650 or thereabouts, but it is to their credit that they achieved what at that time appeared to be impossible. It has been done by the Allies pooling their gold, and we estimate that between July 1st, 1914, and December 31st, 1916, they have contributed no less than 212 millions of gold out of total gold imports into America amounting to about 232 millions sterling. After the Allies had so handsomely contributed to the gold reserves of the United States, thus facilitating the exportation of American commodities to the extent of 1,913 millions sterling between July, 1914, and November 30th, 1916, it seems difficult to understand why the Federal Reserve Board should have endeavored to place difficulties in the way of American bankers creating further loans, and particularly when they could have had collateral security for any new loans. To students of the exchanges it is interesting to examine the American trade figures more closely and to endeavor to group together the sellers of exchange and the buyers of exchange. We must remember that in ordinary times the exchanges can only be maintained when the imports and exports, both visible and invisible, are fairly evenly balanced, but in these extraordinary times a different state of things has arisen and different measures have been adopted. All exporters from America, in the ordinary course, would be sellers of exchange.

From July 1, 1914 to November, 30, 1916—

Exports of American commodities amounted to	£1,913,000,000
Exports of gold amounted to.	60,000,000
Exports of silver amounted to.	27,000,000
Making total exports of	£2,000,000,000

If, therefore, the exporters of these commodities were sellers of exchange, how has the exchange been dealt with, and how have these exports been paid for? These exports have been paid for partly by the purchase of exchange by the proceeds of gold imported, securities sold, and loans negotiated in America.

During this period—

Imports of commodities amounted to	£955,000,000
Imports of silver amounted to....	15,000,000
Making total imports of	£970,000,000
These importers would be buyers of exchange.	
Imports of gold have amounted to 200 millions, the proceeds of which have been used either in purchasing exchange or in direct payment of exports, thus preventing the demand for exchange	200,000,000
It is estimated that America has bought back her own securities to the extent of 400 millions, thereby creating purchasers of exchange to that amount	400,000,000
The loans contracted in America during this period and outstanding on November 30th, 1916, may be taken at about 430 millions, and the proceeds would be used in purchasing exchange or in direct payment of goods to be exported, as in the case of the securities and the gold	430,000,000
	£2,000,000,000

It will thus be seen, leaving out of account the invisible, which are estimated to

balance, how the exchanges have been maintained. Under the Federal Reserve Act the Federal Reserve Banks are empowered to appoint agents abroad. We are told that the Federal Reserve Bank of New York has already made arrangements with the Bank of England to act as its agent here, and is at the present time negotiating with the Bank of France to act as agent in Paris and with the Reichsbank to act as agent in Berlin. We hope these new arrangements with which may have arisen in the past, and that the Banks of England and France may be the means of clearing up any difficulties the Allies, after the great exertions they have put forth to increase the reserves of gold in America, will be enabled to take advantage of the increased loan superstructure. This, we trust, will be mutually beneficial in continuing to support the American exchange.

OUR OWN BANKING SYSTEM

Let us now turn our attention to the banking system of this country, and then to our own bank. If we can continue to keep the banks of this country liquid as they are at the present time, they will succeed in the future not only in re-establishing our home industries, but we hope also in protecting and developing our foreign trade to a greater extent than hitherto. There is no doubt that, while the re-establishment of our industries is taking place, there will be large demands for credit and, in seeking to extend our foreign trade, we shall have to assist our customers to give longer credit abroad. At the same time, I want you to remember that we have only a small banking area from which to gather deposits. The population of England, Scotland and Ireland is only about 46 millions, and it is from these people, as well as from others in different parts of the world, on account of London being the financial center, that our deposits are drawn. The total deposits of the banks of this country, excluding the Bank of England, were as follows:

December,	1913,	about	£1,070,000,000
"	1914	"	1,170,000,000
"	1915	"	1,270,000,000
"	1915	"	1,450,000,000

We must, however, remember that since the beginning of the war there has been, as we have already stated, a considerable amount of credit created which may be contracted when the war is over, and there may, therefore, not be the same amount of resources available as at the present moment. This makes it all the more necessary that we should not lock up our resources, but that we should keep them as liquid as possible. Having given you the total available resources of the banks of this country, let us now see how they are employed. In order to finance our exports and imports, banks and private firms lend their names and credit by giving acceptances. These engagements to accept when completed by acceptance, constitute many of the bills discounted by the banks, but we are prevented from examining the position more in detail because the statements of some banks do not show separately their bills discounted and their advances. If, however, we take the bills and advances together, the aggregate, amounting to between 600,000,000 and 700,000,000 sterling, represents that proportion of the deposits necessary to carry on our manufacturing and merchanting businesses. Even then we do not get a true statement, because there are in London a number of foreign banks who do not publish a separate balance sheet of that portion of their business conducted in this country, as, for example, the London branches of the five German and Austrian banks, whose liabilities were:

Deutsche Bank	£8,819,928
Dresdner Bank	6,132,026
Disconto Gesellschaft	6,012,175
Oesterreichische Laenderbank	3,838,008
Anglo-Austrian Bank	3,678,870
	£28,481,007

I make no observations on the propriety or impropriety of German and Austrian banks having branches here in the future, but in the interests of London, as the financial centre of the world, I do not think it would be wise to prevent foreign banks from opening branches here, provided those branches conform to our customs and publish balance sheets showing their English position, thus coming into line with the English banks. Concessions should be made to English banks seeking to establish themselves in foreign countries similar to those made to foreign banks establishing themselves in this country, and our Government ought to provide for this, because, unless the English bankers are able to open branches in foreign countries as the necessity arises, they will not be in a position to afford the same facilities for the extension of our foreign trade as they would otherwise be able to do. France, America, Spain and Italy are among the countries which ought to grant these reciprocal facilities to us. Before the war the banks invested in securities about 200,000,000 of their resources, but during the war they have absorbed in war loans about 300,000,000 sterling. Having realized some portion of the securities, they have at the present time in investments from 400,000,000 to 450,000,000. The amount of the resources thus remaining would be about 350,000,000, and this is absolutely necessary to protect the deposits of the banks.

THE METRIC SYSTEM

I should like here to bring before you what I consider to be a most important question, and that is the adoption by this country of the metric system of weights and measures, together with a decimal monetary system. Both these systems are at the present time in use in most countries, and there is no doubt that one of the greatest hindrances to the extension of our foreign trade is the fact that we do not present our catalogues in foreign countries so advantageously as other countries. For example, Germany, before the war, had over-run Italy with her travellers. These travellers presented their catalogues to the Italian buyers in the Italian language, and they quoted their weights, measures, and prices in the metric and decimal systems, which systems the Italians themselves use. On the other hand, English travellers present their catalogues in English, with the measurements in yards, feet and inches, tons, cwts. and pounds, and the prices in pounds, shillings and pence. Italian buyers do not understand the English system as they understand the metric and decimal systems.

It appears to me that if we are seeking (as we are) to extend our trade to those countries where German influence has hitherto predominated, we must at once begin to adopt the systems which are most easily comprehended by purchasers. The metric and decimal systems have been adopted by all European countries except Russia, and in that country these systems were before the war fast coming to the front. These systems are also used in South America and in Japan. In fact, there are few countries which do not use them at the present time. It must, therefore, be apparent to everyone that if we have to conduct our trade using English weights and measures and currency, while other countries can trade with each other under the metric and decimal systems, we shall obviously be placed at a great disadvantage, and, in my opinion, this question ought to be taken up and pushed forward without any delay.

New York Agency of the Bank of British West Africa, Ltd.

WEST AFRICA is the producer of many products for which there is an increasing demand in American industries, but the absence of all means of transacting business with the merchants and producers of this section has thus far not only hindered our importation of these commodities, but has operated to interfere with the sale of many American manufacturers of which the people of West Africa would gladly be purchasers.

Mr. R. R. Appleby, who is in charge of the recently opened agency of the bank, located at 6 Wall Street, represented the Bank of British West Africa in West Africa for a period of eight years, six years of which were spent in Liberia, where his bank acted as bankers to the Republic of Liberia. He is thoroughly familiar with the production and requirements of the country throughout, and is in a position to advise merchants in the United

R. R. Appleby at His Desk as Manager of the New York Agency of the Bank of British West Africa, Ltd., 6 Wall Street, New York

States seeking a market for their goods in West Africa as to the best sections of the country in which to establish agencies. His long residence and close observation of all prevailing conditions, both on the coast and in the interior of the country, has placed him in a position to afford counsel of great value to those seeking to establish trade relations with West Africa.

The Bank of British West Africa, Ltd., has its head offices at 17 and 18 Leadenhall street, London, in the financial center of the British metropolis. The New York office will transact a regular foreign banking business in all its branches, issuing letters of credit, receiving deposits, paying and collecting salaries, making remittances by draft or cable, and negotiating or collecting bills payable in England West Africa, the Canary Islands and Morocco, as well as transacting for patrons all the usual financial affairs, such as making of payments and disbursements, taking charge of the financial end of the execution of contracts the purchase and sale of stocks and securities, payment of interest and dividends, and all other business that may accompany the development of foreign trade relations.

The company, which has an authorized capital of $10,000,000, of which $5,000,000 is subscribed and $2,000,000 called up, has a reserve of $750,000, offices in Liverpool at West Africa House, 25 Water street, and in Manchester at 106 to 108 Portland street, has established branches at various points in Morocco, the Canary Islands, Gambia, Sierra Leone, Liberia, French Ivory Coast, Gold Coast, and Ashanti, Togoland and Nigeria, besides agencies at numerous other locations in West and Northwest Africa.

The management of the company is in the hands of gentlemen eminent in financial and foreign trade circles. Of the board of directors, the Earl of Selborne, formerly Under-Secretary for the Colonies, First Lord of the Admiralty and High Commissioner in South Africa, is chairman, other members being Clifford B. Edgar, Esq., D.L., J.P., D. G. Henriques, Esq., George Miller, Esq., W. F. Moore, Esq., Geo. W. Neville, Esq., Sir Owen Philips, K.C.M.G., Mazzani Stuart, Esq., J.P., and O. Harrison Williams, Esq., the chief manager being Mr. Leslie Couper. The company's financial affiliations are the Bank of England, London Joint Stock Bank, Ltd., and Parr's Bank, Ltd.

The Trade Acceptance vs. the Open Account

[From a Circular of the National Association of Credit Men.]

NOT until the trade acceptance comes into common use are we to reap full benefits of the Federal Reserve System.

The interests of the buying house and the selling house are mutual. What affects the one affects the other, and they should work together for their mutual advantage and protection. Many economies have been introduced into our business affairs, aiding alike the buyer and seller. Where promising better returns and protection, newer and more progressive ideas have superseded the older customs.

Lacking the proper incentive to change we have held to the open account system in the sale and delivery of merchandise; yet that system has proved expensive because inherent in it are certain evils that have taxed the best standards of business and made the processes of distribution, from purchaser to final consumer, unnecessarily expensive.

The Federal Reserve Act in effect discourages the use of the open account system. Commercial paper, arising in actual merchandise transactions, under the provisions of the Act, is recognized as a national asset, and the acknowledgment by a buyer of the purchase and receipt of merchandise in the form of an acceptance, known as a "trade acceptance," may be rediscounted or bought in the open market by Federal Reserve Banks, at a lower rate of interest than that fixed for the rediscount of single name paper, which may rest in part on the security of the open accounts of the maker.

The trade acceptance converts the sale and delivery of merchandise into a liquid credit, promptly and economically available for the financial needs of the seller. Its advantages should give the trade acceptance immediate adoption, causing it rapidly to replace the open account.

Its chief advantages to the seller are:

1. A closer relationship with buyers.

2. Better financing abilities through possession of an available, liquid credit.

3. A smaller operating cost—therefore ability to sell at lower prices.

4. A reduction in bad debt losses.

5. Relief from unfairly taken discounts.

Equally important are its advantages to the buyer, which are chiefly:

1. A stronger sense of responsibility toward obligations.

2. A safeguard against overbuying, without decreasing the buying powers.

3. Ability to buy at lower prices and thus be better prepared to compete and succeed.

4. More system in financial arrangements.

5. A broader place in the business world.

Truly with such advantages no buyer should feel critical or unfavorably disposed when asked to give an acceptance, nor should he consider the request a reflection upon his financial and credit abilities. He must see that it means a working out of a progressive idea that promises good returns, and make the response, "Certainly, count upon me to help in bringing about another forward step in our commercial affairs."

The trade acceptance must come into regular use, and not until the trade acceptance comes into common use are we to reap full benefits of the Federal Reserve System.

Banking and Financial Industry

SPECIAL **The BANKERS MAGAZINE** SECTION

IT is the aim of this department to make better known to each other the progressive banking and industrial institutions of the country.

This Magazine believes that by industry and economy, and by co-operation between all interests and sections of the country, the prosperity and happiness of the people of the United States may be advanced more rapidly, and to a greater extent, in the years lying immediately before us, than at any other time in the country's history.

How often the banker feels the desire and necessity for "getting out on the road" and making a grand tour of the banks of the country so as to get in touch with his contemporaries and broaden his outlook. Unfortunately, such an undertaking is generally impossible.

This Department seeks to take the place of such a trip by presenting to its readers instructive articles about banks and industrial institutions.

Officers of the Guardian Savings and Trust Company, Cleveland, Ohio

Main Banking Room. The Guardian Savings and Trust Company, Cleveland, Ohio

The Guardian Savings and Trust Company in New Home

THE Guardian Savings and Trust Company of Cleveland, Ohio, which opened for business twenty-two years ago with a capital of $500,000, is now located in its new home on Euclid avenue, which is accredited with being one of the finest banking structures in the United States. The general equipment, the artistic finish and the complete appointments throughout these quarters, are recognized as the last word in banking construction, all of which contribute to the service, convenience and comfort of the patrons and friends of this bank.

The main entrance is from Euclid avenue through a vestibule into the main lobby. This room is rectangular in shape, 54 feet wide, 140 feet long and three stories high. It is classic Roman


Two Views of Euclid Avenue Front. The Guardian Savings and Trust Company, Cleveland, Ohio

in design with twenty-two large supporting columns contributing an air of strength and dignity. The columns and walls are composed of Etowah or Georgia pink marble, radiating a warmth of color that is very pleasing to the eye.

There are forty tellers' windows, twenty on each side. In each cage the teller is equipped with personal safes that move on wheels, and with individual coin lifts that transfer these to the vault below. The grills and banking screens are of solid bronze, and the lighting is of the semi-indirect type, supplied by three large chandeliers.

Broad and expansive as is the grand hall, its stretch is broken by four marble check desks of classic design. They are solid, yet graceful. Their tops are protected by heavy beveled glass, beneath which the checks are placed; while the center of each is surmounted by a bronze feature which combines in a graceful group inkwell, pen tray, calendar, and automatic clock, regulated from the master clock, which predominates over the time system of the building.

One of the features of the building is the modern system of ventilation. Behind each rosette in the decorative design of the ceiling are ducts that bring in fresh air and resupply the room continuously. And if you look beneath the marble check desks and rub your finger beneath the narrow ledge that strips the bank screen just below the wicket line, you will find there, hidden away from all but the most persistent investigator, the counterducts which carry the foul air away and keep the atmosphere pure and healthful.

THE MEZZANINE

At one end of the main banking room is the grand staircase, fashioned in marble and bronze, which leads up an imposing flight to the mezzanine floors, on which are the trust and realty departments. Here at the head of the stairs is the trust department lobby where the cages are located. To the left and right running along the mezzanine are located the trust department offices finished in walnut.

On the second mezzanine floor we find the real estate department. This department renders a very complete service to the clients of the bank. It offers

Officers Quarters. The Guardian Savings and Trust Company, Cleveland, Ohio

Detail from Trust Department. The Guardian Savings and Trust Company, Cleveland, Ohio

prospective purchasers or sellers of real estate the service of its many salesmen, all of whom are specialists in the properties which they represent. Its listings, which number into the thousands, include a wide range of prices and locations of leaseholds, manufacturing plants, investment properties, houses, farms and vacant parcels. Advice regarding investments is given and properties are listed, inspected and advertised without charge.

THE VAULTS

The safe deposit vaults are located directly beneath the main banking room and are accessible both by elevator and the main stairway. There are three separate vaults for: safe deposit boxes, silver and trunks, and cold storage furs.

The vault for safe deposit boxes, with a capacity of 8,500 boxes, occupies the center of the space with convenient coupon rooms on each side. It rests on heavy I-beams, placed at regular intervals, on top of a solid concrete base six feet thick. By this construction, a series of mirrors are utilized to bring the bottom of the vault to view at all times. This is a unique and ingeniously arranged plan, providing an additional safeguard.

The cold storage vault for furs is to the left of the main vault, with a ca-

Trust Department Lobby. The Guardian Savings and Trust Company, Cleveland, Ohio

pacity of 16,776 cubic feet. The construction is of re-enforced concrete, insulated with two heavy layers of cork. There are no pipes running through the vault and the system is operated by carbon dioxide gas which obviates all fumes and odors. The silver and trunk storage is located to the right of the main vault.

Not far from the vaults the printing department is located where necessary papers are prepared. Here, too, is a spacious stock room, filled with every possible article that may be called for throughout the banking day. Another feature of this floor is the runway which extends the length of the bank to the Vincent avenue entrance. It has been arranged especially for the reception of silver chests, so that they may be brought down by a special lift at the very door and carried to a place of safety without exposure and trouble.

Directly above the Euclid avenue entrance is located the president's suite. This consists of two rooms. His private office, marked with full length windows that look down upon the busy traffic of Euclid avenue is done in walnut paneling. Off it is a consultation room and on the other side is the committee room, a feature of which is an illuminated map case set in the paneling of the woodwork. On the second floor

Grand Stairway Leading to Safe Deposit Department

Safe Deposit Lobby

The Guardian Savings and Trust Company, Cleveland, Ohio

Safe Deposit Grille. The Guardian Savings and Trust Company, Cleveland, Ohio

are located the directors' room and committee rooms. The officers' quarters are located on each side of the front of the main banking room where they are at all times easily accessible to the patrons of the bank.

The savings department of the bank occupies the right-hand side of the main banking room. The checking or commercial section is located on the left side of the room. The plan of combining the duties of the paying and receiving teller has been adopted, each teller serving in both capacities The loan department is also at the left of the main banking-room. A feature of this department is the liberal policy of construction loans which has enabled many Clevelanders to own their own homes, contributing thereby substantially to the growth of "the Sixth City."

The bond department of the bank sells securities purchased outright by the bank for its own account and for distribution. It is also prepared to arrange for the purchase and sale of securities handled in all outside markets. A well-equipped statistical department is maintained as a feature of the department.

HISTORY OF THE COMPANY

The Guardian Savings and Trust Company opened for business on December 10, 1894, with a capital of $500,000, paid in at par. On October 1, 1904, the capital was increased to $1,000,000, at which time the surplus was increased to $850,000. On July 1, 1913, capital was increased to $2,000,000 and the surplus was also increased to $2,000,000. On

Check Desk. The Guardian Savings and Trust Company, Cleveland, Ohio

January 2, 1917, capital, surplus and undivided profits were $4,377,000.

The growth in deposits of this bank since its incorporation in 1894 has been most remarkable. From 124 thousands to 45 millions in deposits in a period of twenty-two years is a record to be proud of. The following figures tell the story:

January	2, 1895	$124,421
"	2, 1900	3,170,020
"	2, 1905	10,345,560
"	2, 1910	17,285,212
"	2, 1915	24,978,963
"	2, 1917	45,150,342

The anniversary statement showing the condition of the bank at the close of business December 4, 1916, twenty-two years after its inception, is given below:

RESOURCES

Cash on hand and in banks	$7,195,188.23
United States, municipal and other bonds and stocks	14,042,481.75
Loans secured by approved collateral and first mortgage on real estate	20,984,406.53
Other loans and discounts	2,703,463.77
Vaults, furniture and fixtures (new)	250,000.00
Real estate owned	3,933.32
Secured advances to trust estates	34,987,70
Overdrafts	7,420.00
	$45,221,881.30

LIABILITIES

Capital stock	$2,000,000.00
Surplus fund	2,000,000.00
Undivided profits	334,646.32
Reserve for taxes	32,500.00
Dividends unpaid	215.25
Reserve for January 1, 1917, dividend	50,000.00
Deposits	40,804,519.73
	$45,221,881.30

OFFICERS AND DIRECTORS

The officers of the bank are as follows: H. P. McIntosh, president; J. A. House, H. C. Robinson, George F. Hart, J. A. Mathews and H. P. McIntosh, Jr., vice-presidents; W. R. Green, secretary; W. D. Purdon, treasurer; A. G. Stucky, A. R. Fraser and L. B. Foote, assistant secretaries; L. E. Holmden, G. J. Provo and H. A. Carlton, assistant treasurers.

The directors are as follows: Frank Billings, Charles C. Bolton, S. M. Bond, B. F. Bourne, Harvey H. Brown, H. W. Corning, H. G. Dalton, F. E. Drury, Harry R. Edwards, Charles Eisenman, John H. Farley, James H. Foster, Ralph L. Fuller, Lucien B. Hall, H. M. Hanna, Jr., L. C. Hanna, Jr., J. A. House, John A. Kling, H. P. McIntosh, H. P. McIntosh, Jr., Stephen L. Pierce, F. F. Prentiss, Wm. B. Sanders, John J. Stanley, Francis W. Treadway, Geo. Garretson Wade, J. H. Wade, Worcester R. Warner, C. L. F. Wieber.

What Uncle Sam Can Do Once He Gets His Fight Up

FROM the peaceful Quaker City of Philadelphia comes this display of pugnacious spirit, as voiced by William A. Law, president of the First National Bank of that city, and published in the New York "Tribune":

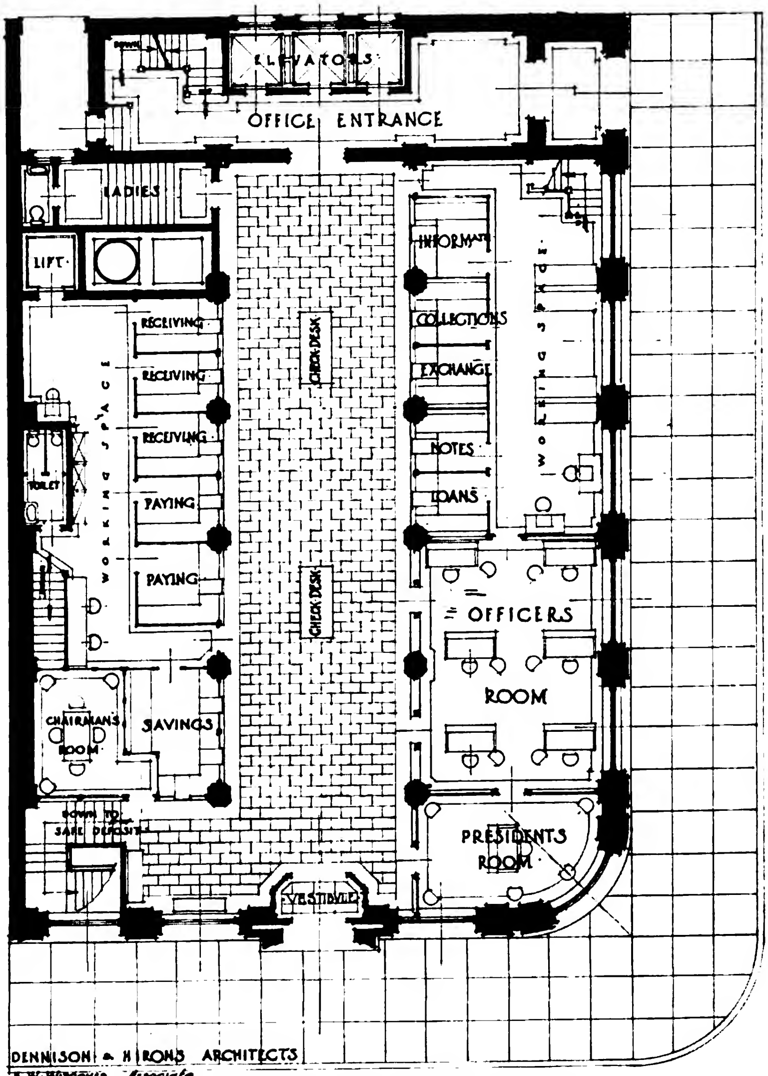
No power on earth can estimate what one hundred million American citizens, with unparalleled resources and united action, could accomplish once they became fighting mad. This is the unknown quantity which has been overlooked by the apostles of pessimism in considering the "fearful things" that might happen in the United States if the country was forced into war. The lack of military preparedness would be largely offset by the strength of moral preparedness, which, at this juncture of empty-stomach fighting means much for the nation owning more gold to make war with—or to force peace with—than any nation ever had before.

Dennison & Hirons, Architects

National Bank of Savannah

IN the thirty-one years of its existence the National Bank of Savannah has paid satisfactory returns to its shareholders, created a surplus and undivided profits fund of nearly $700,000, reached a total footing of five and one-half millions of dollars for its balance-sheet, and built a modern ten-story bank and office building.

These are some of the achievements of the bank which can be measured. But its greatest achievement, and the one in which the bank takes the most pride, consists in the assistance given in advancing the solid business interests



PLAN OF BANKING ROOM
SCALE

NATIONAL · BANK · OF · SAVANNAH
SAVANNAH · GEORGIA ·

of the community. That these have been served with fidelity and skill the growth of the bank itself sufficiently shows.

This successful record has been due to the fact that those identified with the bank as officers and directors are men familiar with Savannah's business affairs and keenly interested in their development, and who have had both the foresight and the judgment essential to a wise employment of banking funds so as to afford the widest possible service consistent with safety.

THE MANAGEMENT

From its organization until March 24, 1911, the National Bank was under the executive direction of Hon. Herman

Dennison & Hirons, Architects

View of Banking Room, showing Mezzanine Floor, National Bank of Savannah

Dennison & Hirons, Architects

Main Banking Room, National Bank of Savannah

Myers, who was five times chosen mayor of Savannah. His management of the bank was able and successful, resulting in a constant growth of business. On the date named above, Mr. Myers died, and was succeeded by his brother, Sigo Myers, at that time vice-president.

In 1914 Jacob S. Collins, president of the Real Estate Bank and Trust Company, and his associates, secured a controlling interest in the National Bank of Savannah, and shortly afterwards the two institutions consolidated.

Mr. Collins had long been a leader in the business and financial affairs of the city when he organized the Real Estate Bank and Trust Company, which, under his management, soon developed into a very successful institution. He brought, therefore, to the direction of the National Bank of Savannah the experience and prestige of previous successful banking experience.

Colonel Sigo Myers, who was for many years president of the bank, desired to be relieved of some of the responsibilities of the head of the bank and in the reorganization he gave up the presidency and was chosen chairman of the board.

Grover C. Paulsen, the active vice-president, was the efficient cashier of the Real Estate Bank and Trust Company prior to its merger with the National Bank.

R. R. Withington, the cashier, began as a boy his business life with the National Bank of Savannah. His practical knowledge of the details of banking is reflected in the thorough system of records and accounting which he installed in the bank.

Dennison & Hirons, Architects

Officers Quarters, National Bank of Savannah

The inactive vice-presidents and other directors are each a directing force in his special line of business.

The assistant cashiers are men of tested banking experience.

A list of the officers in detail follows: Jacob S. Collins, president; Sigo Myers, chairman of the board; Wm. W. Williamson, Robert M. Hicks, John E. Foy and Grover C. Paulsen, vice-presidents;

Dennison & Hirons, Architects

Board Room, National Bank of Savannah

R. R. Withington, cashier; Geo. H. Dieter and Wm. F. Lynes, assistant cashiers.

IMPROVED BUILDING

The National Bank of Savannah began business in a small building on Bryan street on November 10. 1885. In a few years it outgrew the facilities of its old home and the present handsome ten-story building was erected. Further growth of business emphasized the desirability of additional improvements, and among the first things to engage the attention of Mr. Jacob S. Collins, president of the National Bank of Savannah and his associates when they acquired control of the bank in 1914, was the reconstruction of the banking room. which. although at that time one of the handsomest in the city, was found to afford inadequate space for the proper transaction of the increasing business of the bank.

The banking room was the ground floor of the ten-story building erected by the bank. In order to make the basement available for stores, the banking room had been elevated several feet above the street, and was surrounded by an arcade to provide entrance to these stores.

The general purpose of the new management was to lower the floor of the banking room to the level of the street and to provide additional room and light.

After having carefully studied the situation, it was found that by lowering the old banking room to the street level and throwing the space devoted to the old arcade into the banking room, and by removing the vaults, originally on the first floor, to the basement, that the space devoted to the bank's business could be more than doubled. It was no simple matter to make so radical a change, which required the alteration of the steel construction of a ten-story building, but after conferring with Dennison & Hirons, New York, architects who specialize in the planning of bank buildings, a solution was found which not only gave to the bank the desired area for properly conducting its business, but one which

Dennison & Hirons, Architects

View of Vault, National Bank of Savannah

would permit of a practical and artistic solution, giving to the bank quarters second to none in the south.

It is rare indeed that an old building can be altered and its arrangement made as satisfactory as a new one, but there is no question that this has proved the case with the new banking quarters of the National Bank of Savannah. The forty or fifty employees of this bank are comfortably conducting the business of the bank in the various departments, carefully and conveniently arranged for them. But there is even greater interest to the casual observer than the intricate arrangements of the banking room, which, beyond his own convenience, he does not appreciate—and that is the beautiful architectural effect which has been obtained by the architects.

By lowering the floor of the banking room, a ceiling height of over twenty feet was obtained, which thus permitted the arrangement of a mezzanine gallery, in which the bookkeepers of the bank conduct their work. The carefully arranged system of dictagraphs brings not only this department of the bank in close touch with the tellers, but also with the officers, and they in turn with every other individual employed in conducting the bank's business. The old security vaults, of which there were two in the banking room, were lowered to the basement, and turned into book vaults, and a new security vault of more spacious dimensions, to house both the funds of the bank and its growing safe deposit business, was also placed in the basement. Giving access to this is a beautiful and spacious marble staircase. Leading from the left of the public lobby on the first floor and conveniently located to this safe deposit department, is to be found a ladies' room and several safe deposit booths.

There is also placed in the basement a large clerks' locker room with kitchenette adjoining. Connecting with this is the clerks' wash room. The directors' room is also in the basement. For the proper handling of the bank's books and securities, an electric lift runs from the basement to the mezzanine gallery. The perfect system of forced ventilation leaves nothing to be desired in the quantity of fresh and warm air which is supplied to all of these departments in the basement.

The materials employed in securing the beautiful effect of the banking room are marble, silver and mahogany. The floor of the public space which carries through the center of the room is pink Tennessee marble, and the base of the banking screens on either side of the public space is Italian Botticino marble. The metal work of the banking screen is german silver which, with the soft Caen stone treatment of the walls, gives to the room a refinement and dignity in harmony with the purpose for which it is intended. The furniture throughout is a soft brown mahogany which harmonizes with the soft tones of the rugs and other details of equipment.

Dennison & Hirons, Architects

Ladies' Room, National Bank of Savannah

A POLICY OF STRENGTH

It has been stated already that the National Bank of Savannah had accumulated a surplus and undivided profits fund of about $700,000, thus reinforcing the strength afforded by the capital of $400,000. In building up this fund to this extent the managers of the bank have shown their recognition of the wisdom of a strong policy, and from this no departure has been made. Its success has been proven by the story of progress already recorded.

Closely allied with the National Bank of Savannah is the Oglethorpe Savings and Trust Company, of which Mr. Collins is also president. The two institutions are supplying banking facilities of every nature required by the business community.

Reproduced through the courtesy of The New York Tribune

The Head Office. The Commonwealth Bank of Australia, Sydney, Australia

DENISON S. K. MILLER
First Governor. Commonwealth Bank of Australia

JAMES KELL
First Deputy Governor. Commonwealth Bank of Australia

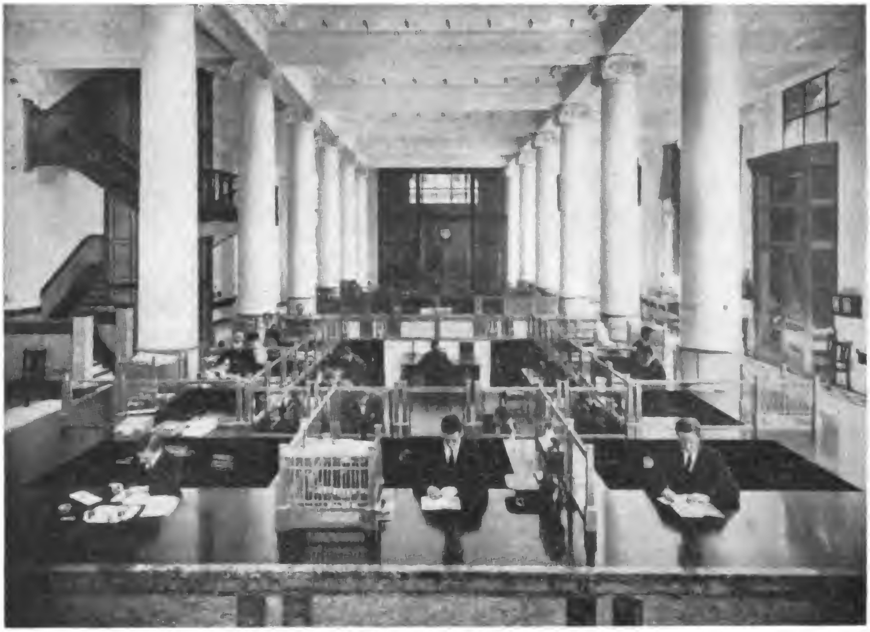
Progress of the Commonwealth Bank of Australia

SINCE its organization, something over four years ago, the Commonwealth Bank of Australia has progressed steadily and rapidly toward a position of commanding importance among the financial institutions of that country. Its progress is evidenced by the size of the footings of the balance-sheet on June 30 last—£41,772,354—and by the splendid new building which the bank completed and occupied last year. The gain in assets during the past two years has been particularly large—from around six millions to nearly forty-two millions sterling and within three years deposits have grown from £500,000 to about £40,000,000.

BRIEF HISTORICAL SKETCH

The bank was established under the Commonwealth Bank Act of December 22, 1911, and on June 1, 1912, Denison S. K. Miller was commissioned as governor of the bank, and on December 2 of the same year James Kell was named as deputy governor. These officials proceeded to the selection of a trained banking staff.

One of the first operations of the Commonwealth Bank was the taking over of the agencies of the state savings banks, which had been theretofore established in the postoffices. By fixing a low rate of interest and limiting



The General Banking Chamber Ground Floor. The Commonwealth Bank of Australia, Sydney, Australia

the amount of interest-bearing deposits from any one person, active competition with existing savings banks was reduced to a minimum. In Tasmania, the savings bank functions were transferred to the Commonwealth Bank altogether.

On January 20, 1913, a general banking business was begun simultaneously at the head office in Sydney, and the branches at Canberra (the Federal capital), Melbourne, Brisbane, Townsville, Adelaide, Perth, Hobart and London.

No capital was contributed by the Government, and the bank was started with a deposits of £500,000 of the customs revenue.

From the first it was recognized that in order that the bank might be in a position to properly conduct the business of the Commonwealth Government and its other clients, it would be necessary for it to be represented, either by direct branches or by agents, not only throughout the Commonwealth, but also the world generally; and extensive agency arrangements were entered into with the largest Australian banks, and also with the leading institutions throughout the world, and the bank was thus enabled to issue drafts and remit moneys practically all over the world, either by mail or cable, in the most complete and effective manner.

Comprehensive arrangements were also made by the bank with the other banks in Australia to give effect to the long-cherished desire of the Commonwealth Government that Commonwealth checks should be payable at their face value, and free of exchange throughout the length and breadth of the Commonwealth, and similar arrangements have since been made with regard to the checks of the State Governments of Tasmania, West Australia and South Australia, which now also do their banking business with the Commonwealth Bank.

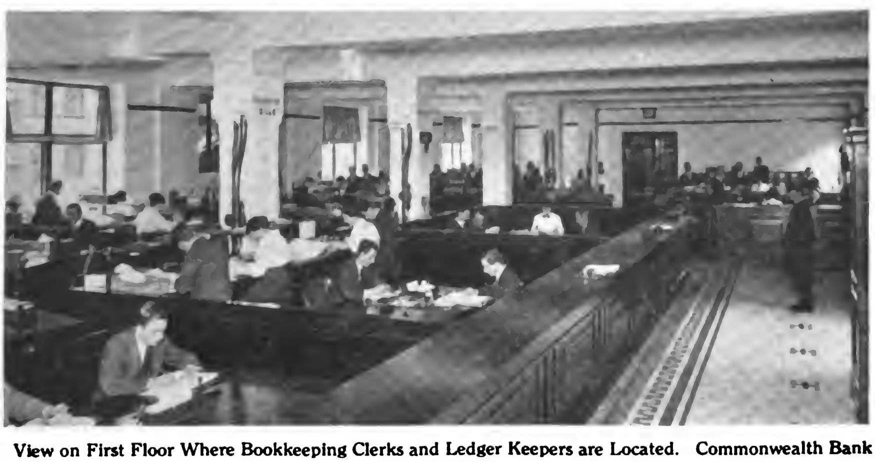
That the activities of the Commonwealth Bank of Australia were to be of a highly successful nature did not long remain in doubt, as on the first day on which it opened for general banking business the amount deposited with the bank was £2,368,126, while the deposits have kept on increasing from that time

Chief Accountant's Office and Entrance to Governor's and Deputy Governor's Quarters. Second Floor. Commonwealth Bank of Australia

until now, standing, as already stated, at approximately £40,000,000 on June 30 last.

But the real services of the bank have been best shown in the efficient handling of the many financial problems growing out of the European war. Effective assistance in floating the various public loans has been given at minimum expense, and other important service rendered in carrying on the financial operations incident to the war.

It has been said that the bank has been thus far conducted without capital. The authorized capital was originally £1,000,000, but on December 21, 1914, the bank was empowered to absorb other banks, and at the same time the



View on First Floor Where Bookkeeping Clerks and Ledger Keepers are Located. Commonwealth Bank of Australia

Group of Principal Officers and Branch Managers present at the Opening of the New Head Office in Sydney August 22nd, 1916. Commonwealth Bank of Australia

authorized capital was raised to £10,-000,000.

In accordance with the policy laid down that the bank should be directly represented by branches at all the principal centres throughout the Commonwealth, branches have been established at the large centres from time to time as opportunity has occurred, the number of branches of the bank at the present time being 36, whilst savings bank business is also conducted at 2,684 agencies.

The Commonwealth Bank has been free from political influences and has rapidly risen to the dignity of a national institution, demonstrating its usefulness in emergencies. Its success has been due very largely to the energy, ability and wide popularity of the Governor of the bank, Denison S. K. Miller. Prior to his appointment to

Luncheon Room for use of Officers of the Bank and Occupants of the Building only. Commonwealth Bank of Australia

this responsible post, Mr. Miller was inspector of the Bank of New South Wales. He is regarded as one of the ablest bankers of Australia.

THE NEW BUILDING

One or two illustrations of the bank's new building are presented herewith. It is a modern structure in the best sense, combining everything essential to the safe and convenient transaction of the vast business carried on, and with most liberal provision for the comfort of officers and employees.

The new home of the bank was opened with appropriate ceremonies on August 22 last, the occasion being honored by the presence of the high officials of the Commonwealth of Australia.

Distributive Ownership of High-Grade Investment Securities

THE changed financial situation of the United States arising from the European war, whereby we have become temporarily, and will most likely remain permanently, a creditor instead of a debtor nation, has forced upon our people new and important problems. Of these, no one is perhaps of greater importance than the one rather suddenly thrust upon us of providing capital for home enterprise and at the same time making large loans to foreign governments.

Since the war began we have bought back from Europe close on $2,000,000.000 of American securities and have lent to Europe and other countries at least an equal amount.

Before the war, Europe out of her centuries of accumulations had become the cheapest and most abundantly-supplied capital market of the world, and it was there that the United States and other growing countries looked for funds with which to build railways and develop industries in order that these constructive enterprises might be pushed forward more rapidly than could be done with the capital available in the home country.

That help we shall no longer have. We must now provide practically all the capital we need out of our own store. But we must do more than that. We must supply funds to Europe with

WILLIAM JOHN PECK
General Sales Manager, National Thrift Bond Corporation, New York

which to carry on current trade and later we shall have to supply a considerable part of the capital to repair the ravages and destruction of war. Furthermore, we shall have to lend largely to those countries heretofore looking to Europe as the source of their capital supply. All this we shall have to do, not merely for the ordinary profit to be derived from the lending operation, but as an indispensable requisite to the maintenance of our foreign trade. These requirements are very great, and the question arises as to our ability to meet them.

Fortunately, the enormous trade balances accumulating in our favor since the war began have placed us in a position of unparalleled financial strength. But with all this, something else is needed, and that is the ability to distribute among our people a vast volume of high-grade securities. The banks of the country, with their tremendous resources, can absorb an enormous amount of such securities, but they cannot go on absorbing them forever, unless they can in turn find an outlet for them among the people. It is not merely a question of providing means for selling goods to belligerents while the war lasts, but rather of investing in a way that will permanently maintain our ordinary foreign trade—for capital is generally exported not in money, but in goods; also, it is a question of providing funds for our own home enterprises.

The value of foreign investments has been strikingly illustrated in the ability shown by one or more of the present belligerents to procure food and supplies by a sale of foreign securities owned and by pledging them for immense loans here in the United States.

But it is not only in times of war that such loans are of great economic help. In time of peace as well they furnish the means whereby other nations are enabled to buy of us, thus giving a double income—that derived from the loan direct and the profit on the goods sold, beside the incalculable advantages flowing from the wider and steadier employment of our laborers which the increased foreign trade makes possible.

* * *

These are some of the wider aspects of investing, considered chiefly from the standpoint of foreign investments, though the same principles apply here at home and to every locality. The capital necessary to the carrying on of modern enterprise must be furnished largely by the masses of the people. Great capitalists are indeed the generals who marshal the aggregated funds which the people supply, but they no more furnish these funds than does the general of an army provide the troops he commands. From the savings bank and the life insurance companies comes no inconsiderable part of the great capital fund of the country. The modest savings of the wage-earner, the profits of the well-to-do, play their share in modern industrial development as well as the millions of the rich.

With the added responsibility of foreign financing which our banks have assumed, and which they cannot escape if they would, it becomes not only highly desirable, but absolutely essential to the development of our own industries that the people themselves shall gradually become investors on their own account by buying outright high-grade securities, of whose legality, safety and ultimate payment there can be no reasonable doubt. The public benefits of such a course have been indicated in outline already, but the benefit to the individual will be even more direct.

In the first place, this is the surest way to competence and to wealth, the path almost invariably followed by all who have risen to financial independence. He who becomes an investor becomes at the same time a better citizen, for he thus acquires a practical interest in the community's welfare of which he becomes a joint guardian. He trains his financial judgment by exercising it, as the athlete trains his muscles. He is given a practical demonstration of the fact that capital and labor are but two parts of the same thing.

Preliminary to the development in this country of a large body of investors some things are necessary:

First: Education of the people in the primary principles of investing and the benefits that will accrue to the community and to themselves by their purchase of sound investment securities.

Second: Means for thoroughly distributing absolutely high-grade investments through popular channels, and in denominations that will make them available to persons of moderate means.

NATIONAL THRIFT BOND CORPORATION

It is believed that these somewhat exacting requirements have been met by an organization recently formed by well-known capitalists and business men of New York. This is the National Thrift Bond Corporation. As an investment institution this corporation is under the supervision of the New York State Banking Department, thus forming an added guaranty to the strong character of the management.

PURPOSES OF THE CORPORATION

The president of the National Thrift Bond Corporation, Ingalls Kimball, makes this comprehensive explanation of the company's origin, purpose, and methods of operations:

"As long ago as the fall of 1912 I began to think about the possibility of getting some form of safe investment that would be as easy to buy as a cigar or ten yards of dress goods. I believe the National Thrift Bond Corporation meets that need.

"What started me was a talk with a relative who asked my advice about investing the tag end of a small legacy. I suggested the savings bank; she objected that it was inconvenient, and she would probably be tempted to draw the money out soon to buy hats. I advised her to consult the banker where the money was on deposit; she told me she had, and that she had received certain circulars about bonds that she couldn't even understand. I told her to go to some investment banker; but she was certain that none of them would care to bother with her little capital. She said it was a pity she couldn't go to a department store and buy something that she was sure was safe—and feel while buying it that she was getting the same courteous and efficient service she got when buying other things.

"The more I thought about that last remark the stronger grew my conviction that some universal, safe and convenient form of small investment could be worked out.

BIG MEN APPROVE IDEA

"About a year ago, after I had talked the idea over with a great many persons, twelve of us got together one day at lunch at India House in New York and formed ourselves into a voluntary committee to investigate the whole question. Lindley M. Garrison, former Secretary of War; Henry Bruère, Cornelius N. Bliss, Jr., H. E. Cooper, E. C. Delafield, Pierre Jay, Jesse Isidor Straus, John Harsen Rhoades, James Imbrie, Charles P. Howland and Samuel W. Reyburn, of Lord & Taylor, were on that committee. We wanted to find out if there was a real need for a simple, universal and convenient form of investment; and we wanted to find out whether or not this plan to sell small securities based on municipal bonds met the need.

"Through Mr. Bruère we secured Herbert R. Sands, assistant director of the Bureau of Municipal Research, to make a survey of existing agencies of thrift in this country.

"What Mr. Sands reported confirmed my own investigations. Then a company was organized to purchase tax-secured bonds, and issue against them very small certificates of interest, which we could sell everywhere at a fair profit to the company and in such a form that no buyer would be puzzled by technicalities.

"What we've worked out is an attractively lithographed bond, with coupons attached, which are payable wherever the 'Thrift Bonds' are on sale. Deposited with the Equitable Trust

Company to secure the payment of principal and interest are gilt-edged, backed-by-taxes bonds, more than sufficient to care for these payments. The Trust Company keeps the bonds we buy as security, collects interest on them, and pays the interest on the 'Thrift Bonds' we sell.

"In this way the 'Thrift Bond' buyer is absolutely protected. The National Thrift Bond Corporation will secure the widest possible distribution and help millions of people of moderate means who want to save and invest in something small, safe and convenient.

NOT OPPOSED TO EXISTING AGENCIES

"We are not rivals of any existing thrift agency. We don't advise any one to take money out of any savings bank. We are only trying to reach those who have not found a way to save and invest small sums.

"Out of the difference in interest return on the bonds bought by our company and the three per cent. return paid to buyers of 'Thrift Bonds,' the National Thrift Bond Corporation expects to pay the cost of operating the plan and the profit to those who are furnishing the capital.

"Everybody connected with the company is enthusiastic. We all believe we have found a way to crystallize the thrift impulse of the man and woman who wants to save and doesn't know how to begin."

In brief, it is the plan of the company to buy city, county, State and Government bonds, and to deposit these with the Equitable Trust Company of New York and issue the corporation's own Thrift Bonds against these securities in denominations of $10 and upwards.

As the original securities deposited to secure the Thrift Bonds constitute the safest known form of investments—the kinds prescribed by the most conservative States as legal investments for savings banks and trust funds—and since the trustee of these securities is an institution of large resources and unquestioned integrity, the character of the Thrift Bonds on the score of safety could hardly be better, since they have behind them the property of the communities issuing them, with the use of the taxing power to provide for their payment.

The small denominations of the Thrift Bonds render them available to persons of moderate means, so that the wage-earner as well as the capitalist may become a bondholder; and he does not have to wait until he saves up one thousand dollars or even one hundred dollars, but may buy a Thrift Bond just as soon as he has ten dollars.

Of hardly less importance is the extreme ease with which these bonds can be purchased. Bonds of the type underlying the Thrift Bonds are generally bought in the first instance only after complying with a more or less intricate process of bidding. Thrift Bonds may be bought without the necessity of encountering any of this red tape and to get them one does not even have to go to a bank, but may buy them at a department store, or even at a cigar store. This means, in substance, that the purchase of a sound investment security will become just as easy a matter as the buying of a dress pattern or a box of cigars.

That this greater ease in buying securities will tend to create the habit of thrift among the people, and to develop saving and sound investing, is beyond question.

We shall thus gradually remove the reproach of extravagance, and instead of being a nation of spendthrifts, we shall become a nation of savers.

The Thrift Bond Corporation is not offering a high rate of interest—three per cent.—the aim being to fix in the minds of buyers of this new type of investments the idea that they represent safety first, the interest yield being secondary, but still large enough to give a fair return.

In addition to the ease with which these bonds may be bought, they can be as readily turned into cash at any time and at the same place they were purchased. This will be an advantage to investors who may, in special circumstances, find themselves in need of the

money they may have invested in the Thrift Bonds.

CHARACTER OF THE MANAGEMENT

As in all enterprises, the efficiency and safety in which even the soundest principles are worked out depends upon the character of the management. The soundness of the organization in this most important respect would seem assured by the following list of well-known men as officers, trustees and directors:

Trustees—Clarence H. Kelsey, chairman, president Title Guarantee and Trust Company; R. Bayard Cutting, capitalist and philanthropist; Adolph Lewisohn, Adolph Lewisohn & Sons; William Fellowes Morgan, president Merchants Association, New York City; Andrew Squire, lawyer and banker, Cleveland, O.; Henry Rogers Winthrop, Harris, Winthrop & Co., director Equitable Trust Company.

Officers—Ingalls Kimball, president; Henry Bruère, vice-president; Edward C. Delafield, treasurer; J. H. Clowes, comptroller; William J. Peck, general sales manager.

Directors—Henry Bruère, vice-president American Metal Company, 61 Broadway, New York city; H. E. Cooper, vice-president Equitable Trust Company, 37 Wall Street, New York city; Edward C. Delafield, president Franklin Trust Company, 46 Wall Street, New York city; E. Y. Gallagher, vice-president Western Union Telegraph Company, 195 Broadway, New York city; Lindley M. Garrison, former Secretary of War; C. P. Howland, Murray, Prentice & Howland, 37 Wall Street, New York city; James Imbrie, Wm. Morris, Imbrie & Co., Bankers, 61 Broadway, New York city; Darwin R. James, Jr., president American Chicle Company, 1 Madison avenue, New York city; Ingalls Kimball, Corman, Cheltenham Company, 11 East Thirty-sixth street, New York city; John Harsen Rhoades, Banker, 37 Wall Street, New York city; Jesse Isidor Straus, R. H. Macy & Co., Sixth avenue and Thirty-fourth street, New York city.

At any time the formation of a strong organization of the type described, and intended to carry out the objects above set forth, would be an event of moment in the financial world, but it is especially so now when, for the reasons pointed out, it is essential to the highest degree of national and individual prosperity that our people not only be trained in sound principles of investment, but that they be furnished a safe and accessible means of putting those principles into practice.

YOU can make todays economy and deprivation pay interest a hundredfold if you use good judgment and can trust yourself to stick to today's determination as to self-denial and saving.—ARTHUR BRISBANE.

Iowa Bank Has Splendid Banking Equipment

IN Waterloo, Iowa, the Leavitt & Johnson National Bank and its affiliated institution, the Farmers Loan & Trust Company, are located in a recently completed banking structure which for beauty and adequacy of equipment ranks with the best in the Middle West.

Leavitt and Johnson National Bank, Waterloo, Iowa

The building itself has several advantages. It is next door to the place where the "oldest bank in Waterloo" has always been located. It has a wide entrance between two stores which are used for renting purposes, thus keeping the street busy and active all day, though the banks close at 3:00 p. m. The rental from these stores also helps to form a solid basis for the investment. There are spacious hallways running from the doorways to the banking rooms and elevators. The second floor is used for shops and the third, fourth, fifth, sixth, seventh, eighth, ninth and tenth floors are devoted to offices.

At the left of the entrance is a commodious ladies' room, handsomely furnished in soft gray hangings and rugs, and provided with a suitable number of desks and chairs to accommodate the women depositors. All conveniences possible are installed in the room, and a toilet and lavatory adjoins it.

The bank is finished in Bottocini and Tavernelle marble and American walnut—ceilings are 22½ feet high. The lobby is 15 feet by 70 feet, and contains three marble endorsing desks. On the right are the large private offices of the bank officials, and on the left are the private offices of the Trust Company, both having commodious platform space ample for officers, visitors and customers. The directors' room is on the mezzanine.

The equipment of the cages is of the most modern type, comprising numerous appliances which are essential in expediting the work. The arrangement is such that a teller in his cage can transact every branch of the business pertaining to his work without leaving it. Back of the cages, bookkeepers keep the records of the accounts of each particular cage. There are nine wickets fronting the lobby for receiving and paying tellers, collections, discount clerks and cashiers.

There are five vaults of heavy concrete construction. The walls are unusually thick, reinforced with double rows of steel rods and railroad iron and

Main Banking Room, Leavitt and Johnson National Bank, Waterloo, Iowa

lined with chrome and Bessemer steel, and they afford adequate protection against fire and every known method practiced by burglars. The safety deposit vault is located on the main floor and is 12 feet deep by 20 feet long, and in addition to the main door, it is provided with an emergency door to guard against lockouts. Both doors are operated by separate time locks and are of the very highest type of construction, while the interior equipment of the vault is very complete. In addition to this, there are cash vaults, book vaults, and a large vault for the securities of the Farmers Loan & Trust Company, and a large storage vault in the basement for the joint use of both Bank and Trust Company.

Safety deposit boxes cost less than one-half cent per day, and the system of numbering and identifying boxes safeguards the holder against the wrongful use of them. Private coupon

Officers Quarters, Leavitt and Johnson National Bank, Waterloo, Iowa

rooms and comfortable reading and conference chambers are maintained for the free accommodation of patrons.

HISTORY OF THE BANK

The history of the Leavitt & Johnson National Bank is one in which the officers may well take just pride.

In 1854, just as the Indian villages were being slowly but surely crowded toward the setting sun, the settlement of Waterloo was begun. From Massachusetts came John H. Leavitt, a man of sturdy virtues and character, whose name will be forever associated with the solution of the great problems that confronted the pioneers of Iowa, settled in Waterloo, and on July 13, 1856, founded a private banking house on the bank of the Red Cedar river, on the site which later became and now is known as the Leavitt & Johnson National Bank. Its story in these days of fierce finance reads like a fable writ-

ten in the Golden Age. Indeed, it is from the experience of those scarred and turbulent times that the bank has won its present tranquility. In 1857, the state of Iowa was flooded with every species of wild cat currency, and in 1861 the great War of the Rebellion began. Business in the little hamlet on the Cedar was nearly suspended while all united in their efforts to maintain National unity, and the pioneer days of the new bank were filled with anxiety and surrounded with suspicion, but the institution lived in spite of opposition, and did good in spite of the general malevolence. Success soon followed the determined efforts of the bank supporters, success which neither wars, panics, nor periods of depression have affected.

Feeling the advisability of having a connecting institution to take care of the trust mortgage loans, and estates of friends and customers, the Leavitt & Johnson National Bank organized the Farmers Loan & Trust Company, January 7, 1909, and it is specially equipped with all the modern methods of caring for property and dealing in high grade investments.

The officers of the Leavitt & Johnson National Bank are as follows:

J. E. Sedgwick, president: J. O. Trumbauer, C. L. Kingsley, C. E. Pickett, vice-presidents; Ira Rodamar, cashier; W. W. Marsh, C. E. Pickett, C. L. Kingsley, A. H. Frank, J. O. Trumbauer, J. E. Sedgwick, Ira Rodamar, directors.

The official roster of the Farmers Loan & Trust Company includes the following:

J. E. Sedgwick, president: J. O. Trumbauer, vice-president; F. E. Stewart, secretary; Ira Rodamar, treasurer; C. L. Kingsley, W. W. Marsh, Ira Rodamar, C. E. Pickett, J. O. Trumbauer, J. E. Sedgwick, directors.

The Mail Teller

THE mail department of a large New York bank is interestingly described in the following taken from "Commerce Monthly," published by the National Bank of Commerce of New York:

The work of the mail teller begins at midnight with the operations of the night force. Mail is collected at the Postoffice at midnight, 3 a. m. and 6:30 a. m. (and the remittance letters received are handled separately at the first, second, and third proofs). On reaching the bank the mail is opened and remittance letters sorted out for attention while all other communications are held over for the correspondence department. Remittances are then segregated according to the ledger divisions (A-B, C-D, etc.) a clerk being assigned to each such division. He is responsible for the checking of each remittance in his division and after verifying that the letter is addressed to us, enclosures properly endorsed, he works as follows: The items in each letter must be run up on the adding-machine, and the total must agree with each letter total, any differences being noted in detail on the letter. Letters must be scrutinized for special instructions such as "No protest," "special advice," etc., and proper notation made on the corresponding item or the item pinned to the letter. When When each letter has been thus disposed of, the total of all the letters in the "proof" is obtained and each letter stamped with the proof number.

The next operation is the sorting of checks, into items on the Clearing House, Assistant Treasurer U. S., commerce, foreign, and sight drafts, the last-named being New York items to be presented by our messengers. The

checks are then stamped with the endorsement of the Commerce, a different form of stamp being used for the several classes of items. "Foreign" or out of town items, however, are not endorsed until they reach the country cash department. Included in the first sorting operation is the splitting up of clearing house checks on eight of the larger banks, which, it is estimated, represent sixty per cent. of the work handled. In a second operation all other Clearing House items are sorted according to the drawee bank. The importance of this work is accentuated by the fact that a fine of $1 is imposed upon each bank for every check sent to a wrong bank, the fine going to the bank to which the item is erroneously presented. The record of Commerce in this respect has not reached perfection, but there is cause for congratulation in the fact that there is an annual credit balance on account of "sent wrong" fines. The practice of dividing this prize money among the clerks assigned to the morning exchanges and proving department according to the "sent wrong" record of each has resulted in continuing improvement.

Each proof is balanced separately. The checks on each clearing house bank are run up separately, with a carbon tape; separate totals of the other classes of items are made; and these combined totals must agree wtih the totals of the several ledger divisions as above described.

The proving department, which has started at 6:30 p. m. to sort down the clearing house items received by the receiving and note tellers in the afternoon, turns over to the night force its checks totaled for each bank. Included with these are items received by mail during the afternoon, and late deposits made by certain large New York banks and trust companies.

At the same time the "sight drafts" have been sorted according to messengers' routes and listed on the route sheets, this work including the receiving and note tellers' items of the afternoon.

In the third proof the packages of the previous proofs are included, the grand total of clearing house items, sight drafts, etc., being balanced against the check totals of the three proofs.

The credits, or letters, have hitherto been kept by proofs. They are now combined and resorted by accounts and posted to the advice sheets which are later cut into postal card forms for mailing. These are run up and their totals balanced with the totals of checks for the corresponding ledger divisions.

It will be noticed throughout the work of the mail department that the work is so divided that a difference can be traced and allocated within the limits of a comparatively small division. Thus a great deal of rechecking is eliminated and a considerable saving of time effected.

At 8 a. m. the day mail teller receives the work, which, like a giant snowball, keeps accumulating with each operation. The night force turns over the checks with total for each clearing bank, the route sheets footed and balanced to that point and all other items totalled. They also bring the 8 o'clock mail from the Postoffice. But though the night force had time to prove the checks with each letter, the mail teller cannot (except for a number of letters where errors are known to occur frequently) for the time is too limited. The clearings must be completed in time to reach the Clearing House at 10 o'clock. Checks are received from the discount, loan, foreign exchange, collection and other departments and all letters are handled that the limited time permits. To do this, letters are divided into proofs, from 11 to 15 in number, depending upon the volume. The first and last checks only of each letter are compared and all the checks are sorted and run up with carbon tape on the machine. The total must agree with the total of the letters in that proof. Should there be a difference, first the checks are "looked back" with the listing, then the letters are footed. If the difference is not found, the checks and letters are checked by a process of elimination, according to the nature of the difference. Of course, the checks cannot always be

held until the difference is found, but must be put through and the difference checked from the "run-up." The small proofs make it possible to discover more quickly items enclosed but not listed and listed but not enclosed.

As the proofs balance, the checks are added to the previous totals of each bank. The actual Clearing House operations will be the subject of a separate article.

"Sight draft" items are given to the draft teller as one total to be sorted and added to the messenger routes. Commerce checks go to the check desk with those of the night force. The letters are posted to the advice cards (in a separate division thereof) and the mail teller must see that the total clearings, sight drafts and other items agree with the total amount of the credits listed on the advice cards. The advice cards are used by the bookkeepers in posting while the sheetmen, whose work must agree with the bookkeepers, post from the original letters.

Letters enclosing collections and "special advice" items are held over by the night force for the mail teller. They are checked with the instructions, entered in the collection department or draft tellers' special advice book, and delivered upon receipt.

There are many details that the mail teller must keep in mind throughout these operations. Letters are received from one correspondent to be credited to another; those payable at future dates must be sent to the collection department, together with other items that are not acceptable as cash; registered mail must be guarded and receipted for by the departments to which it is sent; bonds and securities received with drafts must be protected and the collection of such items made in a special maner; corrections must be noted and called to the attention of correspondents; duplicate drafts especially of foreign items, letters in foreign languages, no protest instructions, remittances covering collections sent out by us, exchange charges, checks to meet loans and many other instances, present their own problems and justify our estimate of the high importance of the work of the mail teller.

EXTRAVAGANCE rots character; train youth away from it. On the other hand, the habit of saving money while it stiffens the will also brightens the energies. If you would be sure that you are beginning right, begin to save.—THEODORE ROOSEVELT.

Banking and Financial Notes

JOSEPH A. SEABORG CANDIDATE FOR EXECUTIVE COUNCIL OF THE A. I. B.

The New York Chapter of the American Institute of Banking has announced the candidacy of its president, Joseph A. Seaborg, for membership on the executive council of the American Institute of Banking. It is felt that there is abundant justification in presenting Mr. Seaborg for this office because of these things: he holds the Institute certificate; he has attended the last five conventions of the Institute; he has been a member of the New York Chapter, during which time he served on the finance committee, board of governors, and as first vice-president; under his leadership the educational program of the chapter has been enlarged and over 1,200 men registered in its various courses; he has arranged with Columbia to supervise the work; he has greatly increased interest in the chapter and through the general support of the New York banks and trust companies all has been put on a firm basis.

MERCHANTS NATIONAL OF NEW YORK SHOWS GAIN IN DEPOSITS

Gross deposits in the Merchants National Bank of New York at the close of business February 2, 1917, were $24,307,000 as compared with deposits of $22,039,000 on the 9th of January.

GUARANTY ELECTS NEW DIRECTOR

A. C. Bedford, president of the Standard Oil Company of New Jersey, was elected a director of the Guaranty Trust Company of New York, on Wednesday, February 7.

BANKERS TRUST COMPANY ISSUES INCOME TAX BOOKLET

An interesting booklet on the Federal Income Tax containing features of the law and regulations affecting nonresident aliens is being distributed by the Bankers Trust Company.

NEW YORK BANK INCREASES DIVIDEND

Directors of the Mechanics and Metals National Bank of the City of New York have increased the dividend of the bank. A quarterly rate of four per cent. on the $6,000,000 stock was declared on February 7, payable February 13. Previously the quarterly dividend had been three per cent.

This is the first change in the dividend rate of the Mechanics and Metals

National Bank since 1907. For three years prior to 1907 dividends were at the annual rate of ten per cent.; prior to 1904, and dating back to 1880, they were eight per cent. yearly.

CITIZENS NATIONAL BANK OF NEW YORK

The Citizens Central National Bank of New York has changed its name to the Citizens National Bank of New York. For two-thirds of a century—since 1851—the name "Citizens" has

EDWIN S. SCHENCK
President, Citizens National Bank of New York

appeared in the title of this bank, first as the Citizens Bank, a state organization, up to 1865, then as the National Citizens Bank, and since 1904, as the Citizens Central National. In the latter year it consolidated with the Central National and three years before had absorbed the Ninth National, so that the present institution is made up of the Citizens, the Central and the Ninth National Banks.

The three banks were each located in the wholesale dry goods district, and

GARRARD COMLY
Vice-President, Citizens National Bank of New York

the merger was a natural outgrowth of conditions. The combined institution retained the dry goods business, which was the foundation of its success, and has extended its facilities to other mercantile lines.

The bank now has capital and surplus of $4,550,000 and since 1904 when the last consolidation was effected, it has distributed $2,167,500 in dividends, besides adding over $1,700,000 to surplus, undivided profits and reserves.

The president of the Citizens National is Edwin S. Schenck, who has held this office since 1901. He began his banking career with the Hamilton Bank in 1892 and was successively assistant cashier, cashier, vice-president and president of that institution. At

the time he attained the latter position he was the youngest bank president in New York. He went to the National Citizens Bank as president in 1901. Mr. Schenck came from a family of bank presidents, two brothers having been at the head of important banks in New York.

The vice-presidents of the bank are Francis M. Bacon, Jr., senior member of the well-known firm of Bacon & Co., commission merchants, and Garrard Comly. The latter came from Boston in 1913 to take this position, having been previously for some years vice-president of the Eliot National Bank of Boston, until its merger with the Shawmut. He was graduated from Yale with the class of '93 and received his bank training with the Lockwood National of San Antonio and the Fletcher National of Indianapolis.

The other officials are: Albion K. Chapman, cashier; Jesse M. Smith, James McAllister and William M. Haines, assistant cashiers.

While the return to the old name involves no change in the organization, no effort will be spared further to improve the service where possible and to keep it in thorough touch with modern business requirements.

AMERICAN EXCHANGE NATIONAL BANK OF NEW YORK ELECTS NEW OFFICERS

At a meeting of the board of directors of the American Exchange National Bank held February 6, 1917, Alexander G. Armstrong, Roy Murchie and Louis S. Tiemann were elected assistant cashiers.

In the promotion of Mr. Armstrong and Mr. Murchie, the American Exchcange National Bank carried out its usual policy of rewarding its employees for faithful service. Mr. Armstrong has been connected with the bank for thirty years, working through the different departments, and is now paying teller; Mr. Murchie has been with the bank for fifteen years, latterly as head of the securities department, which position he now occupies.

Mr. Tiemann became associated with the bank about one year ago and has devoted his attention to the development of foreign business, having formerly been a member of the firm of Carlton & Moffatt, commission merchants of New York, for whom he traveled extensively in foreign countries.

LAST CALL FIGURES ANALYZED BY THE COMPTROLLER

Figures from the latest national bank call have just been analyzed in the office of the Comptroller of the Currency. These figures show that the process of diffusing the banking resources of the country started by the Federal Reserve System is gaining in headway every passing month:

Between May 1, 1916, and the call of Dec. 27, country banks increased their resources by $759,000,000, or twelve per cent. The resources of national banks in the central reserve cities declined by $77,000,000, and the resources of national banks in other reserve cities increased by $455,000,000.

The call shows the total resources of national banks to be $15,333,000,000, and those of the country banks to be $7,000,000,000. Between the calls of November 17, 1916, and December 27, 1916, the national banks in New York City reduced their resources $200,000,000; in Chicago, $15,000,000; in Philadelphia, $22,000,000; in Boston, $15,000,000; in San Francisco, $7,000,000, and in St. Louis, $5,000,000. The largest increase for reserve cities was shown in Louisville, $5,000,000. Des Moines and Salt Lake City increased about $4,000,000 each.

The states in which the banks showed a decline between the two calls were: New York, $10,000,000; Texas, $8,000,000;

Georgia, $7,000,000, and Oklahoma and North Dakota, about $3,000,000 each.

The figures show that there has been added to the resources of the national banks since January 13, 1914, $4,037,000,000, an amount greater than the present aggregate resources of all national banks in the central reserve cities of New York, Chicago and St. Louis, which aggregate $3,946,000,000.

The following are the principal changes shown in the condition of national banks December 27, 1916, as compared with the previous call of November 17, 1916, and the corresponding call a year ago:

Resources, $15,333,000,000, a decrease of $186,000,000, as compared with November 17, 1916, and, as compared with December 31, 1915, an increase of $1,865,000,000.

Loans and discounts, $8,340,000,000, a decrease from November 17, 1916, of $5,000,000, and an increase over December 31, 1915, of $982,000,000.

Deposits, $12,264,662,000, a decrease from November 17, 1916, of $223,227,000, but an increase from December 31, 1915, of $1,884,-971,000.

As compared with the November 17, 1916, statement, time deposits increased $38,000,-000, while balances due to banks and bankers decreased $87,000,000, and demand deposits shrank $174,000,000. Of the $1,884,-000,000 increase shown since December 31, 1915, $437,000,000 was in time deposits, $924,000,000 in demand deposits, and $523,-000,000 in amounts due banks and bankers.

RUSSIAN NATIONAL BANK

The Russian National Bank, which is situated in the first Russian national centre in the United States, was opened recently at 231-233 East 17th street. For some time there has been felt the need of such an institution and now the colony has progressed enough to warrant the opening of it. The bank has official standing, for it is under the direction of the State Church of Russia.

PHILIPPINE NATIONAL BANK

The Philippine National Bank, which was only established about one year ago, opened a branch office a short time ago in the Woolworth building. This bank is the depository of the insular, provincial, and municipal funds of the Philippine Islands, and does as well a general banking business. The

purpose of its organization was to foster insular industry and to develop trade between this country and the Philippine Islands. At the close of last year the bank's assets were approximately $25,000,000 gold. Late in the winter of last year H. Parker Willis, secretary of the Federal Reserve Board, went over to the Philippines to organize the bank. Already the Philippine National Bank has been designated as a correspondent of the Reserve Bank of San Francisco, and was the first outside the continental United States to be appointed correspondent of the Reserve System.

H. T. HALL JOINS MERCHANTS BANK

Harry T. Hall, formerly Banking Superintendent of the State of Ohio, has been elected vice-president of the Merchants National Bank of New York.

Mr. Hall has been well known in banking circles for many years. For a long time he served as treasurer of the Ohio Bankers' Association, in which capacity he became personally known to nearly every banking man in the State. He served two terms as County Treasurer of Columbiana County, resigning this position when he was appointed State Bank Superintendent. He held the latter office two years, retiring

H. T. HALL
Vice-President, Merchants National Bank

after there had been a change in the State administration.

Mr. Hall learned the rudiments of the banking business in East Liverpool, starting as a messenger in the First National Bank of that city. After eight years of service with that bank, he organized the Dollar Savings Bank of East Liverpool and served as its vice-president twelve years. The news of Mr. Hall's selection for the vice-presidency of the Merchants Bank is a matter of keen interest throughout Ohio banking circles.

WILLIAM E. LAKE APPOINTED CASHIER OF THE MECHANICS AND METALS

William E. Lake, who for some time has been manager of the credit department of the Mechanics and Metals National Bank of New York, has been appointed an assistant cashier.

NATIONAL CITY ESTABLISHES DEPARTMENT OF INDUSTRIAL SERVICE

Perhaps the greatest trend in the banking world today is toward the end of efficient service to the client. One of the newest advances of this kind has been inaugurated by the National City Bank of New York in the establishment of a department of industrial service. This department is designed to render expert financial advice to customers along the lines of the practical every-day problems of the factory, store, or office. It proposes to supply the latest data on industrial problems obtained from all sources. One of the most important functions of the new department will be the study of the proper proportions between invested or permanent capital and borrowed capital in connection with loans.

E. B. CLARE-AVERY ELECTED VICE-PRESIDENT OF THE SYRACUSE TRUST COMPANY

E. B. Clare-Avery has been elected vice-president of the Syracuse Trust Company of Syracuse, N. Y., having resigned as secretary of the Citizens Commercial Trust Company of Buffalo. Mr. Clare-Avery came to the Citizens Commercial last fall, after resigning as assistant cashier of the Merchants-Laclede National Bank of St. Louis.

E. B. CLARE-AVERY
Vice-President, Syracuse Trust Company,
Syracuse, N. Y.

Mr. Clare-Avery came to St. Louis from New York City in 1906 as manager of a branch office of E. Naumburg & Co. In 1908 he became assistant

cashier of the Merchants-Laclede National Bank.

He was the first secretary of the Association of Reserve City Bankers when that association was organized five years ago. In May, 1915, he was elected president. He was twice chairman of Group Seven of the Missouri Bankers Association and was elected treasurer of the Missouri Bankers Association at the annual convention in May last.

BUFFALO BANK ELECTS NEW OFFICERS

At the meeting of the board of directors of the Citizens Commercial Trust Company of Buffalo, N. Y., held February 20, William F. Chase, assistant secretary, was elected treasurer, succeeding Robert C. Gaupp, who resigned to enter the investment banking field.

WILLIAM F. CHASE
Treasurer, The Citizens Commercial Trust Company, Buffalo, New York

Robert W. Morris, formerly publicity manager, was elected secretary, succeeding E. B. Clare-Avery, who resigned to become vice-president of the Syracuse Trust Company, Syracuse, N. Y.

Mr. Chase started his career in the banking world February, 1909, in the credit department of the National Bank of the Republic, Chicago, previously having been associated with both the Dun and Bradstreet agencies. He came to Buffalo in 1911 to install and manage the credit department of the Citizens Bank, remaining with that institution up to the time of its merger into the Citizens Commercial Trust Company, when he was elected assistant secretary.

ROBERT W. MORRIS
Secretary, The Citizens Commercial Trust Company, Buffalo, New York

Mr. Morris started with the United States Mortgage and Trust Company, of New York City, in 1907, with which company he was associated up to October, 1916, when he joined the Citizens Commercial Trust Company as publicity manager.

BANKERS CLUB ORGANIZED IN PITTSBURGH

The Bankers Club of Pittsburgh has just recently been organized for the purpose of promoting the social and professional advancement of its members. At the organization meeting, held in the Union Club, officers and board of managers were elected as follows:

President, Alexander Dunbar, cashier of the Bank of Pittsburgh, N. A.; first vice-president, B. W. Lewis, cashier of the Mellon National Bank; second vice-president, H. S. Hershberger, vice-president and treasurer of the West End Savings Bank and Trust Company; secretary, Frank R. Flood, vice-president of the Peoples National Bank; treasurer, C. C. Hammond of the Columbia National Bank.

Board of managers, Messrs. Dunbar, Lewis and Hershberger, and the following: George C. Watt, president of the First National Bank of Braddock; F. F. Brooks, vice-president and cashier of the First-Second National Bank; E. R. Baldinger, vice-president of the Dollar Savings Fund and Trust Company of Allegheny; W. C. Lowrie, vice-president of the Columbia National Bank; H. F. Wigman, secretary-treasurer of the Peoples Trust Company, and D. H. Thomas, assistant secretary of the Commonwealth Trust Company.

President Dunbar stated after the organization meeting that the board of managers had in contemplation plans that would make the Bankers Club of Pittsburgh one of the prominent bodies of its kind in the community, and that the scope and effect of these plans would appear in due time.

CORN EXCHANGE OF PHILADELPHIA IN ANNUAL BANQUET

The annual banquet of the Corn Exchange Bank, Philadelphia, was held January 25. The bank has a monthly publication, "The Advance," and upon this occasion they issued an extra edition, which was one of the most popular and humorous features of the entire banquet. Copies were distributed by the typical newsboy, just as the guests began their dinner. The extra is devoted to the humorous and ridiculous. Ample space is given to all of the officers, the clerks, and the office boys, and an entire page is devoted to the statement of the "Comeoftentroller" giving a report of the resources and liabilities of the bank in 1999.

ONE NEW ACCOUNT A MINUTE

The Citizens Commercial Trust Company of Buffalo, N. Y., in its Christmas Club, has during the past month opened 10,400 new accounts. This figures on the average a little more than one new account for each minute that the club is open, which is five hours each day. The record day was January 3, when close to 1,000 new accounts were opened. It is evident from this that there is a strong desire to save among the people of Buffalo.

The Christmas Club, operated by the

Citizens Commercial Trust Company at its main office and branches, affords the opportunity of accumulating funds in a systematic way, starting with a small amount. The plan is an easy one to carry out. New accounts are still coming in fast each day.

SAYS FREIGHT CONGESTION DUE TO WAR

The freight congestion throughout all industrial districts, and particularly in the Pittsburgh territory, is attributed by the Peoples Bank of Pittsburgh in its February financial letter primarily to the war, which is responsible for the abnormal foreign demand, not alone for munitions, but for raw material, railroad equipment, supplies and foodstuffs. At the same time, the bank reports that the average price of the principal steel products is the highest ever quoted, but with the evidence of new mill and furnace capacity under construction which will add 5,000,000 tons per annum, there is not the same degree of anxiety to anticipate wants far ahead that there has been. For example, the Pennsylvania Railroad last month withdrew an inquiry for 205,000 tons of steel rails for 1918 delivery. This incident created quite a stir in steel trade circles. While no formal statement accompanied this action, it would not be difficult for a layman to explain it by comparing prices to-day with one and two years ago, and at the same time taking into consideration the handicaps of the railroads in the matter of government regulated rates on the one hand and possible regulation by Congress of trainmen's wages on the other. While standard steel rails (relatively a small part of the cost of maintenance of way) are thirty-six per cent. higher than formerly, structural steel is nearly two hundred per cent. higher than two years ago and seventy per cent. higher than a year ago. Bessemer billets are $65 a ton today against $19 two years ago. and $32 a year ago. Steel bars and wire rods are up two hundred per cent. compared with this date in 1915. With new capacity coming on, with the probability of the foreign demand shrinking by 1918, and with the certainty of the output of England and Germany being diverted sooner or later from the uses of war to those of peace, the world will soon find supply conforming more nearly to demand with a restoration of normal conditions.

TO VOTE ON INCREASE OF CAPITAL

The Ninth National Bank of Philadelphia has issued a call for a special meeting of its shareholders, on April 3, to vote a $100,000 increase of its capital and, if approved, to offer the stock to shareholders of record as of April 5, at $200 a share, in proportion of one share to three. The present capital of the bank is $300,000.

SAYS COUNTRY'S BANK POSITION IS SOUND

The First National Bank of Philadelphia devotes its February business and financial letter to a discussion of the

national crisis. After commenting upon the nation-wide burst of patriotism, it states that until the war clouds roll away, the possibility of our becoming involved in the European conflict will be the controlling factor in financial and industrial affairs. Further it says:

"It is fortunate that the shocks of peace preceded the greater shock of possible war, for the January liquidation in a measure prepared the markets for the greatest scare of the war period. High-grade securities have stood the test well and notwithstanding the heavy liquidation of speculative issues, the better grade of stocks and bonds have shown extraordinary resistance under the circumstances. In the event of war, it will be the easiest thing in the world for this government to get what money it needs. The country's bank position is essentially sound and the aggregate strength of the Federal Reserve banks is greater than ever. There is little justification for the theory that our entrance into the war would cause great depression in the United States. The one thing certain is that we would probably accommodate the Allies with larger loans, granting increased credit facilities and making it possible for them to enlarge their purchases in this country, if need be.

"Our foreign trade may be checked, but it will not be stifled. The probability is that this nation will continue to do business with the rest of the world for many years to come. Consumption at home is enlarging and were it not for the dearth of raw materials the probability is that domestic trade would become much larger than it is. The development of the acceptance system is becoming a noteworthy feature of trade expansion. The gradual substitution of the time draft for the promissory note as a medium of commercial borrowing is of the utmost significance. It places our system on a level with the rest of the world and means for the American bill a wider market than it ever previously enjoyed. Under the guidance of the Federal Reserve Board and with the aid of the best known industrial corporations and business organizations

in the United States, the acceptance system is being perfected in a manner which indicates that most commercial loans will soon be in shape for rediscount with the Federal Reserve banks, if such facilities become necessary. The indications are that by the time the European war ends, the acceptance system will be of large advantage in the further development of this country's foreign trade."

CELEBRATES HIS FIFTIETH ANNIVERSARY AS A BANKER

On March 19, J. M. Dreisbach, president of the Mauch Chunk Trust Company, Mauch Chunk, Pa., celebrated the completion of his fiftieth year as a banker in Mauch Chunk.

Mr. Dreisbach was born at Lockport, Northampton County, Pa., January 4, 1847, and began his career as a banker on March 19, 1867. Resigning a position with Sharpe, Weiss & Co., at Penn Haven, he came to Mauch Chunk at the solicitation of the late General William Lilly, and entered the Second National Bank, which had just been organized. For seventeen years he was cashier of that institution, and for five years was its president. During all this time he had the confidence of the directors and stockholders, and the esteem of the patrons.

When the Second National Bank went into liquidation, in December, 1902, the Mauch Chunk Trust Company was set on foot, largely through the efforts of Mr. Dreisbach. He was chosen its first president, which position he still holds. That the trust company is popular and prosperous beyond the expectations of the most sanguine, need not be wondered at when it is remembered that at its helm stands a banker of fifty years' experience—a financier whose ability is of the highest order, and whose one ambition is to make the Mauch Chunk Trust Company the most substantial institution of its kind in the state.

J. M. DREISBACH
President, Mauch Chunk Trust Company,
Mauch Chunk, Pa.

UNION NATIONAL OF PHILADELPHIA INSURES ITS EMPLOYEES

The board of directors of the Union National Bank of Philadelphia gave a dinner to all the employees of the bank at the Manufacturers Club last month,

J. S. McCULLOCH

President, Union National Bank, Philadelphia

Mr. McCulloch commenced his business career in 1890, when he connected himself with Edson Brothers, one of the largest produce concerns in the Philadelphia district. About a year later he was admitted to the firm, having attracted the attention of the senior member of the firm through his general business ability and untiring efforts in the interest of his employer.

Of recent years, through a largely increased volume of business, it was deemed advisable to incorporate and Mr. McCulloch was selected as president and treasurer of the new company.

In the early part of 1915 he was elected a director of the Union National Bank, and in November of the same year, through his many accomplishments, and backed up by a successful business career, his services were sought for the leadership of the bank and he was elected its president. Since that time many new policies have been inaugurated into the bank and it has shown a very remarkable growth, during the past two years nearly doubling its deposits. Mr. McCulloch is also vice-president of the Federal Trust Co. of Philadelphia, having held this position since the formation of the company.

at which time it was announced that plans had been completed whereby all clerks were to be insured for one full year's salary.

CHARLES G. DAWES ELECTED PRESIDENT CHICAGO CLEARING HOUSE

Charles G. Dawes, president of the Central Trust Company of Illinois, has been elected president of the Chicago Clearing House Association, to succeed D. R. Forgan, who held the office for two years. Mr. Dawes has served as vice-president for two years. John A. Lynch, president of the National Bank of the Republic, has been elected vice-president for the ensuing year. The following officers and members of the Clearing House committee were elected at the annual meeting: President,

CHARLES G. DAWES

President of the Central Trust Company of Illinois and recently elected President of the Chicago Clearing House Association

Charles G. Dawes; vice-president, John A. Lynch; manager, W. D. C. Street; assistant manager, Thomas C. Stibbs; official bank examiner, Charles H. Meyer. Clearing House committee: James B. Forgan, Orson Smith, John J. Mitchell, Ernest A. Hamill, George M. Reynolds, Charles G. Dawes, ex-officio.

OPERATIONS OF THE CORN EXCHANGE OF PHILADELPHIA SHOWN IN MOVING PICTURES

The thousands of friends of the Corn Exchange National Bank of Philadelphia were entertained last month by two exhibitions of a moving picture film showing the bank in actual operation and giving a comprehensive idea of its equipment and methods of doing business. The two exhibits were given at the Academy of Music on February 7 and 27. The original plan was to give but one exhibition, but the demand for seats was so great that a second performance was found necessary.

The many up-to-date facilities of the bank were seen to good advantage. Much interest was shown by both audiences in the various unique labor-saving devices such as coin-counting machines, pneumatic tubes, etc. The pictures showed the various departments of the bank in full operation during the busiest time of the day. The public, which in the main has no conception of the activities of a large bank, found in these pictures many things that were surprising and of great interest.

Charles S. Calwell, president of the Corn Exchange, is a thorough believer in the educational possibilities of moving pictures, especially the industrial film. The latest number of "The Advance," the official organ of the bank, strongly advocates the use of industrial films in the auditoriums of the local schools in order to train the growing generation to understand the meaning of industry and its vital connection with the well being of the people of a community.

BANK CLEARINGS IN RICHMOND

Bank clearings in Richmond continue to grow and for the first seventeen days in February the total amounted to $55,-688,671, which was an increase of $19,-390,923 over the corresponding period last year.

In a compilation of bank clearings for the week ending February 15,

Richmond ranked sixth in the percentage of increase over the corresponding week of last year. In this report the cities ranking higher than Richmond were Cleveland, New Orleans, Seattle, St. Joseph and Salt Lake City. Richmond's percentage of increase for the week was 45.8.

GEORGIA BANKERS CONVENTION

The Georgia Bankers Association's twenty-sixth annual convention will be held in Columbus May 2, 3 and 4, 1917. The Georgia Bankers Association is composed of five groups and these groups will in turn hold their annual meeting at the convention.

REPORT OF VIRGINIA STATE BANKS

Not a dollar lost by a depositor in a state bank is the remarkable report of the chief bank examiner of Virginia, C. C. Barksdale. As a further evidence of the excellent banking conditions that exist in the state the report also states that there was not a failure during 1916 of a state bank.

In submitting his report to the State Corporation Commission, Mr. Barksdale says: "I take pleasure in reporting that during 1916 it has not been found necessary to close a single state bank in Virginia, and further that not a dollar has been lost by any depositor in this state during the year."

Continuing, the report says:

"The outstanding financial feature of the calendar year 1916 was an unparalleled expansion in business of nearly all classes. The figures compiled from the bank reports made on the call of November 17, 1916, compared with the call of November 10, 1915, disclose a phenomenal growth in state banks during these twelve months, and when comparison is made between the increases shown in 1916 over 1915 and those shown in 1915 over 1914, the results are little less than remarkable."

The cash assets of the 283 state banks in Virginia increased $7,638,313 during the year, which was more than twice the increase shown in the previous yearly report. The amount of credit extended by the state banks exceeded the amount loaned the previous year by $8,125,168. The rediscounts and bills payable of state banks decreased during the year $1,964,178.

On the total capital of $13,465,296, surplus and profits increased $898,413.

The most significant feature in the bank statement, however, was the enormous growth in deposits. Deposits (excluding deposits of other banks) increased $16,596,921.68, as compared with an increase of only $3,089,928.32 for the year 1915 over 1914, or, in other words, the increase for 1916 was more than five times as great as that shown in 1915. Deposits of other banks increased $1,126,733.41, as compared with an increase of $412,465.30 for the year 1915 over 1914.

In conclusion the report says: "The

state banks may, therefore, be said to be in a highly prosperous condition as a whole, and as long as the present extremely abnormal conditions of general prosperity exist, the chief point against which banks should guard is an undue anxiety to force all of their funds into profit bearing, lest in their endeavor either to negotiate loans, or to make what they believe to be profitable investment of their idle funds, they neglect the ordinary precautions which they would insist upon in times of less ease."

NEW NATIONAL BANK IN MASSACHUSETTS

The North Brookfield National Bank will soon open for business in North Brookfield, Mass., with capital of $50,000 and surplus of $12,000. The officers are: President, W. F. Fullam; vice-presidents, R. H. Mann of the Park Trust Company, Worcester, and B. H. Smith; cashier, I. E. Irish, formerly of the Manchester (Mass.) Trust Company.

CHANGES IN PROVIDENCE BANK

At the annual meeting of the National Bank of Commerce, Providence, R. I., Henry L. Wilcox, vice-president, resigned the duties of cashier and Walter C. Nye was elected to that office. Frank W. Gale was elected vice-president. The bank now has assets of nearly $7,000,000.

NEW BANK BUILDING IN PROVIDENCE

What will be the finest bank building in New England and one of the finest in the country is now in course of erection by the Rhode Island Hospital Trust Company, Providence, from plans by York & Sawyer, New York architects. It is illustrated on page 357. The building will be eleven stories in height and the ground floor, basement and mezzanines will be occupied by the company, which is one of the oldest in the United States, with total assets, including trusts, of nearly $100,000,000. The building is to be put up in sections, one

New Bank Building now being erected by The Rhode Island Hospital Trust Co., Providence, R. I.

of which will be occupied while the present building is removed.

PLAN BANK CONVENTION FOR BOSTON

Arrangements are being started for the twenty-fifth annual meeting of the United States League of Local Building and Loan Associations, which is to be held in Boston next summer, and which is expected to be the largest gathering of its kind in the organization's history.

Owing to the rapid growth of the coöperative banks in Massachusetts (the only state in the union where they are not known as loan and building associations) a great deal of interest is being shown already. Former Governor Walsh of Fitchburg, who has just been chosen president of the Massachusetts Coöperative Bank League, is taking an active part in the preparations for the convention. Massachusetts stands in fourth place, the standings being figured on the basis of membership and assets of the banks or associations in each state.

The membership, which is figured on the number of shareholders (not shares) and assets, shows a gain of more than 13,000 members and more than $10,000,000 in assets during the past year. The gain in resources amounts to ten per cent. and is considered a far better showing than that made by any of the three leading states, as far as percentage goes.

There will be several hundred delegates to the convention, which will last

three and possibly four days, and many will bring their wives and daughters. Massachusetts coöperative banks, through their league and individually, will entertain many of the visitors aside from the convention program. The plan is to have the governor and the mayor extend greetings.

When the meeting was held in St. Louis last summer the presiding officer was Herbert W. Pinkham, treasurer of the Wollaston Coöperative Bank and at present secretary of the Massachusetts League, who then was the head of the United States League.

BOSTON AND THE ARGENTINE

Peculiarly intimate, says the Boston Herald, are the business ties between this city, as the commercial centre of New England, and the great and progressive capital of the Argentine Republic. Ours is the greatest wool market in the United States; ours is the greatest hide market, and the Argentine is the chief source of our supply of these two great staples. With direct steamship conections now seemingly assured, we ought to do a large business with Buenos Aires.

The First National Bank of this city, in establishing with a full complement of financial experts a branch in Buenos Aires, responds to the dictates of commercial geography as well as of business sagacity. The institution plans not only to serve the immediate banking needs of an enlarged trade in that quarter, but to act as a bureau of information for any concerns throughout New England which may contemplate extending their business in the southern hemisphere.

FLAG DISPLAY IN BOSTON BANKS

By concerted action all the prominent banks in Boston are now making a display of flags in their banking rooms. Handsome silk American and Commonwealth of Massachusetts flags are used.

ELECTED VICE-PRESIDENT OF YELLOWSTONE VALLEY BANK

The board of directors of the Yellowstone Valley Bank and Trust Company, Sidney, Montana, announced recently the election of J. H. Sharpe as vice-president and cashier. Formerly Mr. Sharpe occupied the position of chief superintendent of banks for the State of Montana.

A. I. B. CONVENTION TO BE HELD IN DENVER

The convention of the American Institute of Banking, it is announced, will be held in Denver on September 12, 13 and 14. The conventions are one of the most important functions of the Institute, for it is at these that plans and new outlines of work are made, and at the same time there is offered, for the use of all, the valuable experience of each member chapter. This year the convention is expected to be especially interesting, since Institute work has, during the past year, made fine progress

in fitting its members for higher positions.

A. B. A. PLEDGES ITS SERVICE TO THE NATION

Seventeen thousand member banks of the American Bankers Association have offered their services to aid in mobilizing the nation's finance and to promote preparedness plans. P. W. Goebel, of Kansas City, Kan., president of the American Bankers Association, and a native of Germany, offered the services of the banks to President Wilson with these words: "We are American citizens; we must serve America."

KANSAS BANKERS WIN LEGISLATIVE VICTORY

Kansas bankers are rejoicing over the recent killing of the Chittenden measure in the House of Representatives. In short, this means that Kansas finance will remain on a solid basis. In its original form the bill provided that twenty persons might subscribe to $10,000 worth of stock and start a bank in any desirable locality at any time. In the killing of the bill the discretionary powers of the charter board are preserved, for, had the bill passed, neither the state bank commissioner nor the charter board would have the right to give judgment.

BANK MERGER IN CLEVELAND

A merger of three Cleveland banks, representing total resources of $132,000,000, was announced recently. The three combining banks were: the Union National Bank, the Bank of Commerce National Association, and the Citizens Savings and Trust Company. Cleveland now, because of this merger, has a banking combination ranging among the half-dozen largest in the country. The two national banks will operate as a unit while the trust company will operate separately. The national banks have combined deposits of about $50,-

000,000 and the Citizens about $60,-000,000.

OMAHA BANK ADOPTS PROFIT-SHARING PLAN

Acting on the growing sentiment of allowing employees to participate in the profits derived from their efforts, the board of directors of the Live Stock National Bank, of Omaha, Neb., has donated a substantial lump sum to a monthly cumulative fund that was originally started six years ago with this object in view. Now that the fund has reached adequate proportions, both the officers and employees of the institution who desire to become beneficiaries thereby will contribute a small percentage of their monthly salaries.

The benefits obtained are in the shape of pensions which are received by the employees at the age of sixty and after twenty years of service with the bank. Under certain conditions pensions may also be given in case of retirement on account of sickness or to the widows and children of deceased employees.

EDWARD E. LOOMIS
President, Lehigh Valley Railroad

Mr. Loomis, who is also vice-president of the Lackawanna Railroad, has been elected president of the Lehigh Valley Railroad. He is a railroad executive of exceptional experience and fitness and of a strong and attractive personality. Though still under 50 years of age, he has had an extraordinarily broad and varied field of activity, both in railroad operation and construction and in coal mining and selling.

CAR SHORTAGE BOTHERS MINNEAPOLIS

The dominant item that stands out more clearly than all others in a survey of Minneapolis conditions is the gravity of the car shortage, according to the last financial letter of the Northwestern National Bank. Only thirty per cent. of the mills are now in operation, the decreased production being due entirely to the scarcity of cars. An official of a widely known milling company asserts that more than eight hundred of his twelve hundred employees have been thrown out of work as a direct consequence of this situation. However, collections in this territory are in the main satisfactory, though there is a range of reports from "Not so good as a year ago," to the buoyant "Exceptionally good, twenty per cent. ahead of last year," of a wholesaler with a very extensive Northwestern business. On the whole the tone is decidedly cheerful. Bank deposits and interest rates show a seasonable slight decline.

The letter quotes E. W. Decker,

UNITED STATES OF AMERICA

It having been reported to him that there is anxiety in some quarters on the part of persons residing in this country who are the subjects of foreign states lest their bank deposits or other property should be seized in the event of war between the United States and a foreign nation, **The President** authorizes the statement that all such fears are entirely unfounded.

The Government of the United States will in no circumstances take advantage of a state of war to take possession of property to which international understandings and the recognized law of the land give it no just claim or title. It will scrupulously respect all private rights alike of its own citizens and of the subjects of foreign states.

ROBERT LANSING,
Secretary of State

Washington, D. C.,
February 8, 1917

The Illinois Bankers Association circulated among its members this copy of an official telegram, setting at rest any anxiety on the part of aliens as to the security of their bank deposits.

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president of the bank, as saying: "There are a few points in reference to our own territory, in considering the close of the present war, which stand out quite clearly. In the first place we are much stronger financially to meet whatever may come than we have ever been before. The high prices of farm products and the general activity in business have put our farmers and merchants in, I believe, the best financial condition they have ever been. I believe also that there is a feeling of conservatism quite general among our people and that they are largely conserving their resources and their unusual profits for possible future depreciation in prices.

"On the other hand, it seems that we must expect that the present large volume of business, due partly to abnormally high prices of commodities, is likely to decline when the war ceases, or at least within a year or so after its close. If we anticipate and expect this, and prepare ourselves for it, which undoubtedly it is our duty to do, I see no

reason why we will not be able to meet it successfully."

GOOD VOLUME OF BUSINESS IN CHICAGO

In speaking of local conditions the National City Bank of Chicago in its February financial letter says that an excellent volume of business is still being done in that section. There is a note of conservatism, however, which is in general making business men base their operations for future contracts upon the developments that are likely to take place after the war ends.

All the steel mills in this vicinity are crowded with orders and some plants have all the business that they can take care of for a year at least. Inasmuch as most of this business has been booked at a very high level, the indications are that a large profit will be cleared by the manufacturers. Just what this profit will be depends largely, however, on the working out of the labor item and the further concessions which may have to be made. The cost of labor is by far the most uncertain quantity with which manufacturers have to deal. The high price of raw material is burdensome enough, but the difficulty of providing for that element is not nearly as great as the difficulty in figuring out what an employer will have to pay his employees six months hence.

The sharp rise in the price of corn carried that staple to the highest level touched within half a century. Very high quotations for all grains and live stock have helped sentiment here. There is a quiet confidence felt about the future, irrespective of peace uncertainties. It is difficult for any community with an abnormally large earning capacity to become very pessimistic about conditions. The inability of the railroads to give quick transportation service is still hampering business and most freight yards in this locality are heavily congested. This condition of semi-blockade has doubled or trebled the length of time ordinarily required to ship produce and

merchandise from market to market. The Interstate Commerce Commission has taken drastic measures to relieve this situation. It may be doubted, however, whether the railroads can do much better than they are doing with the equipment at their command. The crux of the matter is that the railroads are handling a record breaking business, with a supply of rolling stock and equipment which is very slightly larger than that of two years ago. In other words, the increase in traffic facilities has not been commensurable with the increase in the country's business. These conditions will be relieved in time, although it is clear that the situation cannot be fully taken care of at once with the equipment concerns sold a year ahead.

CAUSE OF AGRICULTURAL SHORTAGE

There is a world-wide shortage of the principal products of agricultural and pastoral origin according to the February business review of the National Bank of the Republic in Chicago. Foodstuffs of all kinds, leather, cotton and wool, are notable examples. While every producing locality of the world has experienced other conditions peculiar to itself, there are two almost universal factors that are responsible for this result—first, a decreased production due to the shortage of labor and to the draining off of farm labor by war recruiting or by the greater needs of industry, and second, a greatly enhanced rate of consumption brought about by the exigencies and waste of war and by the larger purchasing power of the prosperous neutral world. A repetition of the short 1916 harvests of the world would be nothing less than a catastrophe, as the only thing that prevented a dangerous scarcity of edible grains in the present season was the large supplies saved from preceding crops. With regard to cotton, the situation hinges upon an almost total ab-

sence of supplies in the Central Empires, and the very much larger world consumption of cotton for other than textile purposes. In the case of leather and wool it is believed that several years must elapse before prices get back to normal levels, as the herds and flocks of Europe have been greatly decimated as a result of the war, while those of other parts of the world have failed to keep pace with the larger world consumption.

MISSISSIPPI VALLEY ELECTS DIRECTORS

Four new members were added to the board of directors of the Mississippi Valley Trust Company of St. Louis, Mo., at its annual stockholders' meeting Monday, February 5, 1917. They are: Charles Wiggins, J. D. Perry Francis, Bradford Shinkle, and F. W. Edlin.

Mr. Wiggins is one of the trustees of the Liggett estate, and a member of the well-known St. Louis family which gave its name to the Wiggins Ferry Company, now part of the Terminal Railroad Association.

J. D. Perry Francis is the eldest son of Ex-Governor D. R. Francis, U. S. Ambassador to Russia, who is also a member of the Trust Company's Board. Mr. Francis is a member of the brokerage and commission firm of Francis Bro. & Co., and a director of the St. Louis Republic, the Scurggs-Vandervoort-Barney D. G. Co., and the Mortgage Trust Company.

Bradford Shinkle is treasurer of the Johnson, Stephens & Shinkle Shoe Company, one of the newest St. Louis industries. He was formerly purchasing agent for the International Shoe Company.

F. W. Edlin is general manager of the St. Louis branch of the John Deere Plow Company and secretary-treasurer of the Reliance Buggy Company.

Besides the four new directors, six members of the board whose terms expired were reëlected for three years. They are: James E. Brock, secretary, and John D. Davis, vice-president of the company, S. E. Hoffman; George A. Mahan, of Mahan, Smith & Mahan of Hannibal, Mo.; Wm. D. Orthwein and Charles E. Schaff, receiver of the Missouri, Kansas & Texas Railway.

The board as now constituted is as

follows: Wm. Bagnell, president Bagnell Timber Company; Eugene H. Benoist, James E. Brock, secretary; John D. Davis, vice-president; Frank W. Edlin, secretary and manager John Deere Plow Company; David R. Francis, U. S. Ambassador to Russia; J. D. Perry Francis, Francis Bros. & Co.; S. E. Hoffman, Breckinridge Jones, president; William G. Lackey, vice-president; George A. Mahan, Mahan, Smith & Mahan, Hannibal, Mo.; Robert J. O'Reilly, M.D.; Fred C. Orthwein, vice-president Wm. D. Orthwein Grain Co.; Wm. D. Orthwein, Henry W. Peters, vice-president International Shoe Company; H. Clay Pierce, chairman board, Pierce Oil Corporation; Henry S. Priest, Boyle & Priest; Charles E. Schaff, receiver M., K. & T. Ry.; Bradford Shinkle, treasurer, Johnson, Stephens & Shinkle Shoe Co.; J. Sheppard Smith, vice-president; R. H. Stockton, president Majestic Manufacturing Company; Frederick Vierling, vice-president and trust officer; Julius S. Walsh, chairman of the board of directors; Louis Werner, president Louis Werner Stave Company; Charles Wiggins Co., trustee, Liggett estate.

SAYS LONDON BANKING POSITION IS SOUND

Ben Blanchard, long a banker in Kansas City, Mo., and for seven years past actively engaged in banking in London and Paris, has been making a tour inspecting his various interests in the United States. Mr. Blanchard, who besides his European banking interests is president of a number of American companies, made the statement that London's financial condition is absolutely sound.

MERCANTILE NATIONAL BANK OF ST. LOUIS ELECTS NEW OFFICERS

At the annual meeting of the Mercantile National Bank Edward Buder was elected a vice-president. Mr. Buder

EDWARD BUDER

Vice-President, Mercantile National Bank, St. Louis

C. H. WORDEN

President, The First National Bank, Fort Wayne, Ind.

has been cashier since the bank's organization in 1909. W. C. Waggoner was elected cashier and a director.

FIRST NATIONAL BANK OF FORT WAYNE, INDIANA

A very gratifying rate of growth is shown in the accompanying extracts from reports of this bank. The figures for July 16, 1902, are from the first published statement after the election of C. H. Worden as vice-president of the bank; those for August 26, 1905, are from the first published statement after the consolidation of the White National Bank with the First National Bank; those for June 30, 1910, the first published statement after the occupation by the First National Bank

	July 16, 1902	Aug. 26, 1905	June 30, 1910	Dec.. 27,1916.
Loans and discounts	$542,928	$2,437,851	$2,889,545	$3,245,502
Due from banks	233,328	585,479	451,986	749,804
Securities	212,041	168,305	284,035	1,359,311
Cash	132,068	338,717	545,681	751,782
Deposits	703,770	2,937,211	3,639,645	5,701,891
Total resources	1,190,488	4,197,429	4,885,266	6,927,574

of its present quarters; and the December 27, 1916, figures are from the last published statement.

The First National Bank of Fort Wayne is among the oldest of the national banks in the United States, having been organized in 1863 with charter number eleven of the system. It is the largest bank in Fort Wayne and close to the front in point of size in the State of Indiana.

Mr. C. H. Worden, heretofore vice-president, was recently elected president. He is a former president of the Indiana Bankers Association and one of the active and successful bankers of his community.

POINTS TO PROSPERITY OF LONG BEACH, CAL.

First National Bank of Long Beach, California, reports excellent local conditions in its February financial letter and even better prospects for the future. In their own city the bank states that there seems very little occasion for uncertainty at the present time, nor should there be even by the fact of the country's entry into the war. Substantiating this statement the latter continues:

"While a great city, with wonderfully developing industries, we are not one of the sensitively organized industrial communities of the country, but more conspicuously residential; living upon great fertility, moderate manufacturing, immense natural resources and the inflow of great wealth produced in other places. We are not closely involved in foreign commerce. Our business and our development are, to a great extent, a consequence of eastern conditions, and being such they occur later in time. Our periods of great growth should logically follow periods of great business and accumulation of wealth in our eastern states. This very influence and its consequences have been plainly evident here in steadily increasing measure during the past year. There are numerous

sources of information which furnish evidence of our local business conditions and tendencies, and from a study of these it seems altogether probable that locally we have entered upon a period of distinct business progress and development, and that even though the advance of the past year has been very substantial, we are much nearer to the beginning of it than the end. We entered upon this period long after our eastern states had already done so, and we may perhaps continue in it for a time after they have ceased. Looking, however, only to the causes which are now present, there appears in them much to enforce a greater and more rapid business progress than we have yet seen, and there appear in the present situation to be few, if any, influences to retard it.

FREIGHT CONGESTION REPORTED IN SAN DIEGO

For the first time in ten years a shortage in freight cars was reported on January 1, is the statement of the First National Bank of San Diego, California, given in the bank's financial letter for February in speaking of local conditions. A canvass made of a dozen important manufacturing corporations shows a large advance in buying and that orders on hand at the close of 1916 were one hundred and ninety per cent. greater than at the close of 1914. Producers are ninety-five per cent. sold out for the next six months. Notwithstanding the record buying of last year, negotiations are being conducted for immense foreign purchase and these orders are not subject to cancellation. The phenomenal rise in the price of oil is producing a new crop of millionaires in the Southwest. May corn around a dollar a bushel has sold at the highest price in half a century. Ninety cents for corn in January is considered a fancy price. Farm production in the country as a whole reached a new high level last year, notwithstanding the reduced yields. The figures just made public by the Department of Agriculture place the total value of the crops and animal products at $13,449,000,000. This valuation breaks all records and shows a gain over 1915 values of $2,674,000,000, and over 1914 of $3,554,000,000. The mere increases in farm production values last year exceeded the census gross value of farm production for the year 1889. Corn, cotton, hay and wheat each represented a total valuation of more than one billion dollars. Other crops valued at $100,000,000 or more included oats, potatoes, apples, tobacco and barley. Scientific farming is being introduced everywhere. It is a movement of great significance.

The chaos abroad is chiefly responsible for high living expenses, although the reduced crop yields—wheat production last year fell thirty-eight per cent. below 1915 and corn fifteen per cent. lower—have had something to do with it.

OLD NATIONAL BANK'S TWENTY-FIFTH ANNIVERSARY

Early in the present year the Old National Bank of Spokane, Washington, reached its twenty-fifth anniversary, affording a viewpoint from which to make a retrospect of the bank's progress.

From a small two-story frame building the bank has advanced to a modern fifteen-story structure, while the deposits have steadily advanced until they now exceed sixteen million dollars.

There has been rather a remarkable continuity of official management, two presidents only having served from the organization until the present time. These were S. S. Glidden, who served from December, 1891, to November, 1902, and D. W. Twohy, who succeeded Mr. Glidden and is still president of the bank. W. D. Vincent, vice-president, has also been in the service of the bank for over twenty-two years. Mr. Vincent was the first assistant cashier and later cashier, and is now vice-president. J. A. Yeomans, cashier, has also been connected with the bank since 1895.

At the time the first statement of the bank was issued in 1892, the deposits were $25,344.20 and total resources $312,837.27. According to the last statement rendered in the year 1916 deposits were $16,212,233.15, and total resources $18,751,651.16. The capital shown in the first statement was $201,000, with $6,493 undivided profits, while now the capital is $1,000,000 and surplus and profits $565,018.

The successive steps in the bank's growth may be more clearly traced from the accompanying comparative figures:

Year.	Deposits.	Capital.
1902	$960,000	$200,000
1904	2,965,000	200,000
1906	5,270,000	500,000
1908	7,344,000	500,000
1910	8,269,000	1,000,000
1916	16,212,000	1,000,000

The Old National Bank has admirably fulfilled the highest demands of banking service for a quarter of a century, and enters upon a new period of growth and usefulness with every promise of maintaining and enlarging the record of progress and success already to its credit.

UNION TRUST COMPANY OF SPOKANE MOVES TO OLD NATIONAL BANK BUILDING

On February 5 the Union Trust Company of Spokane (formerly Union Trust and Savings Bank) took occupancy of temporary quarters on the eighth floor of the Old National Bank Building, pending completion of its new quarters in the Old National banking room, remodeling of which is now in progress.

When the new quarters are completed the Old National and Union Trust will occupy a floor space 100 by 142 feet, exclusive of basement and mezzanine floors—which is believed to be the largest area occupied by any bank in this part of the country.

The two institutions retain their separate identities as individual corpora-

tions, but are operated under one board of directors.

The officers of the Old National Bank are: D. W. Twohy, president; T. J. Humbird, vice-president; W. D. Vincent, vice-president; J. A. Yeomans, cashier; W. J. Smithson, G. H. Greenwood, J. W. Bradley, assistant cashiers.

The officers of the Union Trust Company are: D. W. Twohy, president; W. J. C. Wakefield, vice-president; W. J. Kommers, vice-president; James C. Cunningham, vice-president-manager; Frank C. Paine, secretary; Arthur S. Blum, treasurer, and H. E. Fraser, assistant secretary.

No change will be made in the character of business transacted by the Old National, which will cover banking in all its branches, including commercial and savings accounts, collections and escrows, exchange and money orders.

The Union Trust will devote its energies exclusively to the conduct of its extensive and growing trust business, the principal branches of which include the care of estates, the making of farm and city mortgage loans, the investment of funds, the management of property, insurance, etc. It now has over seven millions in trust funds—a record without parallel in the Northwest—and should make even greater strides under the ideal condition afforded for closer coöperation in the new combined banking quarters.

Assets of the Old National now are more than $18,000,000 and those of the Union Trust Company $8,000,000, giving total resources of the two corporations of $26,000,000.

The former quarters of the Trust Company in the Marble Bank building are being remodeled by the Fidelity National Bank, which expects to occupy them sometime during the latter part of the month.

GROWTH IN THE COMMERCE OF THE PORT OF SAN FRANCISCO.

The Anglo and London-Paris National Bank of San Francisco in its February financial letter reports that it finds in local finance no developments of spe-

cial interest during the past month. There is the same abundance of money and the same prudence in regard to future commitments that exist elsewhere. Systematic efforts to eliminate excessive speculation from the processes of land settlements are likely to increase immigration and benefit all industries.

A striking feature of the progress of this city during 1916 was the great increase of the commerce of this port. Our imports were of the value of $117,128,253 as against $83,338,138 in 1915 and our exports $123,943,273 as against $80,539,218 in 1915. While a great deal of tonnage, including all the liners operating between this and Atlantic ports, has been drawn away by more protfiable business offering in other oceans, there has been the beginning of direct sailings to South American and East Indian ports with which we have not before had direct connection. Our coast-wise shipping facilities are better than ever before and the plans of the large shipping companies, so far as known, all indicate an expectation of great expansion upon the return of peace. All our ocean trade with Atlantic ports is by freighters having no regular sailings. Our greatest increase of trade has been with Japan, to which our exports, in round numbers, were $39,000,000, Russia coming next with $13,000,000 and Australia third, with $12,000,000. Our exports to those countries were mainly California products of which mineral oil and its products were most important, while the bulk of our imports from the Orient were of raw silk, rubber, tea, beans, rice, etc., most of which was imported for eastern account.

CALIFORNIA LEADS IN GOLD PRODUCTION

It is interesting to note in the last financial letter of the American National Bank of San Francisco that the production of gold and silver in the United States last year fell far below that of 1915 by $8,719,300 for gold and 2,077,275 ounces of silver, notwithstanding that money was never more active and the price of silver higher than at any time since 1893. California led in the production of gold, with 1,069,586 ounces, valued at $22,110,300. Montana led in silver production with 14,751,000 ounces, while Nevada ranked fourth for gold, with $8,428,200, and third for silver, with 12,784,600 ounces.

OFFICIAL CHANGES IN LONG BEACH, CAL., BANK

The Marine Commercial and Savings Bank of Long Beach, Cal., has announced that Ed. H. Wallace, formerly vice-president, has been made also cashier of the bank, to succeed Ben. H. Smith, who has resigned. Max R. Wallace, formerly cashier of the First National Bank of Newport Beach, Cal., has been elected an assistant cashier of the Marine Bank.

WHERE ARE THEY?

The man who had made a huge fortune was speaking a few words to a number of students in a business class. Of course, the main theme of his address was himself.

"All my success in life, all my tremendous financial prestige," he said proudly, "I owe to one thing alone—pluck, pluck, pluck!"

He made an impressive pause here but the effect was ruined by one student, who asked impressively:

"Yes, sir; but how are we to find the right people to pluck?"

—*Philadelphia Ledger.*

TOO PROUD TO SAVE

As a people it is not to be denied that we are prodigal sons and daughters. Other nations hold up their hands and exclaim over our costly leavings. A provincial French family could easily subsist on what the average American family throws away. We raise our voices in justified protest against monopolistic robber barons of the food markets. But we do not check the waste from our own back door.

—*Philadelphia Ledger.*

HEARD IN THE BANK

A woman from the country made a deposit consisting of several items. After ascertaining the amount the receiving teller asked: "Did you foot it up?" "No, I rode in," said she.

—*Boston Herald.*

HAD TO TREAT OFTEN

Directors of a mutual loan and trust company in Conneaut, O., stated that every time an increase of $100,000 was noted in the deposits they would entertain each other at a banquet. Three such dinners have been held within a year.

A Song of the Ticker

(Amos R. Wells, in "Life.")

The ticker is a tricker: in its paltry paper coils
It will wind you, it will bind you firm as fate;
With its whirring and its purring it will have you in its toils,
And your waking will be woefully too late.

While you think it's giving out it will calmly take you in;
While you think you're getting rich you're getting poor;
'Twill cajole you and control you, it will promise you will win,
It will draw you to destruction with its lure.

For the ticker is a tricker: down below its glassy top
There's a waiting and ingratiating maw;
In its heartless, hollow deep you will hear your ducats drop
As it grabs them with its snaky paper paw.

Yes, the ticker is a tricker; and the way to turn the trick
Is to leave the crafty creature quite alone;
If you dicker with the tricker you'll be playing with Old Nick—
A game that has no gaining but a groan.

THE

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Action in Defense of American Rights

ON the sixth day of April, nineteen hundred and seventeen, Congress passed the following resolution:

> "WHEREAS, The Imperial German Government has committed repeated acts of war against the Government and the people of the United States of America; therefore, be it
>
> "*Resolved,* By the Senate and House of Representatives of the United States of America in Congress assembled, that the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination all the resources of the country are hereby pledged by the Congress of the United States."

This action in defense of American rights has been taken after long and careful deliberation. We have endured a series of outrages which have been a severe test of the national patience. In resolving that a state of war exists between the United States and the Imperial German Government and calling for the exercise of the nation's resources to bring the conflict to a successful termination, Congress has responded to the people's will as patriotically voiced by the President of

the United States in his memorable address to the Senate and House in joint session on April second.

We are now at war with Germany. Just what this may mean in a military sense can not be foreseen at present. This question is one for those in authority to determine. The work before us is serious, and as individuals and as a nation, we should speedily complete our preparation for it and enter the contest with every resource at our command.

To the present generation war is practically unknown. We have had no war of importance since the close of the great civil strife more than a half-century ago. Many fear that in this long interval of peace we have become physically and spiritually flabby. The test of this apprehension is now at hand. Until its correctness shall be shown we must continue not only to hope but to believe that American character and American institutions will vindicate themselves now as they have in other times of trial.

It was idle to expect that the people of the United States could forever tolerate the invasion of their rights of which the German Government has been guilty. We have been patient. We have tried to keep the peace. We have solemnly and repeatedly warned Germany that her course persisted in must lead to a severance of the friendly relations long existing between the two countries. No attention was paid to these warnings. As a final resort, diplomatic relations were severed, but the course of Germany in derogation of our rights remained unaltered. Nothing was left for us, after having patiently tried and exhausted every resource of diplomacy, but to take measures to protect our rights by force. That is precisely what we have done. And this step, taken only after the most careful and patient deliberation, has the support of every American resident within the territory over which the Stars and Stripes wave. Nor shall we as a people falter in pursuing whatsoever course our action may involve. As God gives us to see the right, we are in the right, and in its defense the lives, the fortunes and the sacred honor of every one of us are solemnly pledged.

Long after this mighty struggle has ended and its meaning

and purpose shall be seen in the clear light of a better day, the action of the American Government on the sixth day of April, nineteen hundred and seventeen, will be calmly and impartially weighed by the student of history, and it is believed that our action will be sustained.

From the day this war began American opinion has not been neutral. How could it be in the face of aggression which violated every principle which our people from their cradles have been taught to reverence and to love? Belgium, at peace and utterly void of offense, was ruthlessly stricken down in violation by the oppressor of a solemn covenant. France, our foster-mother, having done nothing whatever to bring on war but everything to avoid it, was invaded. The defense of their people and their soil made by these two nations stands out as the most heroic feature of this mighty struggle. To be a son of France is no less an honor than to have been a son of Greece, such as she "nurtured in her glory's time." The Spartan mothers, proud of their sons, might well, were they living now, make obeisance to the Belgian mothers. At these heroic deeds we could not remain unmoved. Where liberty was destroyed, justice trampled on and honor forgotten there was no possibility of a cold aloofness. We must be on one side or the other. Nobody who knew America ever doubted for a single instant where our sympathies were enlisted. Many believed that in behalf of the outraged liberties of Belgium and of France we should have made protest, and gone to war. But the time was not yet. Then came the Lusitania horror. The national wrath flamed forth even through the polite phrases of diplomatic exchanges. Successive assaults upon our right to navigate the seas followed, until the crowning infamy contained in the German announcement of January thirty-first to sink our vessels without any precautions of safety for those on board. The limit of American patience was at last reached, and the Government came to the decision announced at the opening of this article. It means that the long days of patience are ended. It means that as the German Government will not listen to the counsels of humanity and reason through present inability to understand them or a disposition not to heed them, argu-

ments will be presented within its ability to comprehend and that will compel obedience. To the German Government was offered the liberty of choosing whether it would respect the right of American ships to sail the seas or whether by denying that right it would add another nation to its already long list of armed foes. That choice has been made.

This is no time to weigh in nice scales all the questions involved in this war. It is for Americans to be ready to take whatever part they may be called upon to perform. They have asserted their rights and the intention to maintain them. There must be no faltering in this decision, no shrinking from the cost it entails in money, in life, or in suffering. The national honor, the national life, are at stake and we must be ready to defend them or forever sink into the pit of infamy and of shame. The choice is no longer ours to make. We have made it already. The decision to protect American rights was made by the President. He stands for the people's will in this matter. He represents the national conscience. At his side, in this hour of grave crisis, every true American will be found. There will be no criticism of his course, no division of opinion as to the end sought or the means to be employed. We are one hundred millions in numbers. We are but one in purpose and determination. The mighty spirit of loyalty and of patriotism has been aroused. Its oncoming tide, slowly gathering force, will sweep away with irresistible fury and power any who dare venture to impede its course. In the exalted fires of patriotism the common aims of all will be fused into an invincible purpose and the dross of selfishness be burned away. With all united for the general defense, we shall regain that sense of oneness which shall join discordant elements in harmony and make us realize as never before that this is neither a nation of unrelated sections nor of warring classes, but that North and South, East and West, labor and capital, the rich and poor, the high and low, are "one and inseparable, now and forever."

Our fathers laid here the foundations of a free democracy. They fought on the field of battle to make effective the decree

they had sealed in the council-chamber at Philadelphia. In that contest they gloriously triumphed. Their descendants went to war again that the nation might not be destroyed, and they kept every star in the flag.

Those who established and those who preserved this "indissoluble union of indestructible States" have not wrought in vain. Their belief in free institutions has been vindicated. The Republic the fathers founded and which their descendants have thus far preserved will endure in the future only if we who are living now and those who are to come after us shall be of the same mettle as our sires and grandsires. We have been told that we are weaker than they; that we lack the courage and the spirit to sustain the fine heritage they bequeathed us. The time to show the falseness of that charge is now. And the way to show it is to discard every form of weakness, to perform every duty, to shrink from no sacrifice, to stand firmly by the side of those upon whom the burden of responsibility has been placed.

Let us face the days to come, whatever they may hold in store, with a resolution that can not be shaken, without anger and without hate. The disease that infects and maddens the minds of those who have unloosed the dogs of war must be thoroughly cured. The cancer of militarism must be cut out.

Who shall measure the meaning of the great struggle or foretell its end? Out of its tremendous cost and carnage a redeemed world may emerge. The longing of the human race for union in a divine brotherhood may be realized through its awful travail. Whatever may the lesson prove, this at least we know now, that the brutal power of might has been challenged by the holy power of right. To doubt the issue would be to distrust the solidity of the foundations of the world. There is no doubt about it. There can be none.

Let no one mistake the real significance of our action. We are moving in a certain direction not merely because of the sinking of the Lusitania and other kindred outrages, not solely because our ships have been denied the right to sail the seas. These attacks upon our rights constitute full legal and moral warrant for our action. But they alone fail to explain it. We are one in spirit with the defenders of France and of Belgium,

and have been since that fateful July day of 1914. We believe, as do Great Britain and Canada and Australia, that a treaty is something more than a scrap of paper. Those who ever thought for a moment that we could reconcile ourselves to accept the things Germany has done in this war fail entirely in appreciating American ideals or American standards of honor. We have condemned these brutal acts from the first, and it was but a question of time when we must come into conflict with such policies. If we have been slow to wrath, the righteousness of our position has grown with each hour of delay and gathered momentum for the day of action.

They who have mistaken our good nature and tolerance for cowardice may learn their error. It is foolish to suppose that America loves ease more than it loves justice. The Spirit of Seventy-six yet lives. So does the Spirit of Sixty-one. We are great in wealth and resources. Our people are industrious. They have wonderful ingenuity. We are united. In a war for the just assertion of our rights, there need be no fear. In time of trial our people have never failed. They will not fail now.

We have loved peace, but as President Wilson has so well said:

"The right is more precious than peace, and we shall fight for the things which we have always carried nearest our hearts—for democracy, for the right of those who submit to authority to have a voice in their own governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of free peoples as shall bring peace and safety to all nations and make the world itself at last free.

"To such a task we can dedicate our lives and our fortunes, everything that we are and everything that we have, with the pride of those who know that the day has come when America is privileged to spend her blood and her might for the principles that gave her birth and happiness and the peace which she has treasured. God helping her, she can do no other."

Acceptances

By CHRISTIAN DJÖRUP, C. P. A.

Mr. Djörup is a member of the firm of Djörup, Edwards & McArdle, accountants and auditors. For the past four years he has been lecturing on foreign exchange accounting at New York University, and has also lectured at the City Bank Club for the benefit of the employees of the National City Bank of New York. The present article was originally delivered before the Philadelphia Chapter of the A. I. B. As Mr. Djörup is so well qualified to write on this timely subject, we feel sure that his paper will be read with great interest by our readers. —Editor Bankers Magazine.

ACCEPTANCES have been the means whereby the banks abroad have aided the European merchant to expand his trade in the entire commercial world, and since the enactment of the Federal Banking Law acceptances have become the most interesting topic of the banking business.

An acceptance is the promise of the drawee of a bill of exchange to pay it at maturity. As students of the law of negotiable instruments we know that a bill of exchange is an unconditional order in writing made by one person upon another for the payment of a definite sum of money at a specified time to order or bearer. The bill of exchange becomes an acceptance when the drawee promises to pay it by writing across the face of it "accepted, the date of acceptance and his signature." He sometimes adds the date when payable and a certain place where it should be presented for payment.

There are two large groups of acceptances—personal and bank acceptances.

PERSONAL ACCEPTANCES

Personal acceptances bear the signature of an individual, a firm or a corporation. They have been discounted by American banks for decades, and it is hardly worth while discussing these at length, the only new feature being added, that since the inauguration of the Federal Reserve Act, member banks can rediscount these acceptances with the Federal Reserve Bank, if they meet certain requirements prescribed in the Federal Reserve Act.

BANK ACCEPTANCES

Bank acceptances are the promise of a bank to pay the bill of exchange at maturity. These acceptances are subdivided into domestic and foreign ac-

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ceptances. Domestic acceptances are acceptances originating from commercial transactions consumed within the boundaries of the United States. Foreign acceptances are based "upon importation or exportation of merchandise."

Member banks of the Federal Reserve System have the authority to accept bills that emanate from importation or exportation of merchandise only, while in the State of New York, a new state banking law has been passed authorizing state banks and trust companies to accept drafts drawn upon them by their customers, and to issue letters of credit authorizing the holders thereof to draw drafts upon them or their correspondents at sight or on time, not exceeding one year.

It will thus be seen that the state banks of the State of New York have more privileges than the member banks of the Federal Reserve System, who can only accept foreign drafts which are not drawn for more than six months' sight.

To give an example of a domestic acceptance: A merchant in New York buys goods from a manufacturer in Detroit, and the latter draws a ninety-day sight draft, either upon the New York merchant or on his bank. If this draft is accepted by the merchant it will be a domestic personal acceptance. If it is accepted by his bank it will be a domestic bank acceptance. In the former case the shipping documents will be delivered to the merchant upon acceptance of the draft, in the latter case to the bank, and it will depend entirely upon the arrangement between the merchant and the bank whether the bank will hold the documents until the merchant pays for the draft, whether the bank will deliver these documents to the merchant against trust receipt, or whether a separate loan arrangement be made between the bank and the merchant.

We will now take up the acceptances of banks based upon importation or exportation of merchandise as permitted by the Federal Reserve Act. These are usually in connection with drafts drawn against commercial letters of credit.

COMMERCIAL LETTERS OF CREDIT

The commercial letters of credit are the means by which the foreign exporter obtains immediate cash payment and the American importer the sixty or ninety days' credit which he needs to transact business. The American merchant desirous of buying goods abroad obtains a letter of credit in favor of the foreign exporter. The latter will draw a draft for his invoice, or part of it, according to the arrangement, on the banker on whom the credit is issued at sixty days' sight or some other time. The draft, with the shipping and other necessary documents attached, will be presented to the drawee for acceptance. In accepting the draft he will detach the documents and forward them to the foreign department. The latter will immediately notify the importer of the arrival of the documents and deliver them to him against a trust receipt. By virtue of the trust receipt, title in the merchandise remains with the foreign department until payment of the draft has been effected by the importer. This payment is made in time to remit to the accepting bank, and no capital of the foreign department should be needed for the transaction.

We have three kinds of these credits:

Foreign import letter of credit.
Own import letter of credit.
Export letter of credit.

Foreign import letter of credit is a credit opened by an American bank upon its foreign correspondent in favor of a foreign shipper, and for account of the American importer.

Own import letter of credit is opened by an American bank on itself in favor of a foreign shipper and for account of the American importer.

Export letter of credit is opened by the bank on itself in favor of an American exporter, and usually through a foreign bank on behalf of the foreign importer.

These credits are either sight credits or time credits; that means, the drafts drawn under these credits are payable at sight, or at a certain specified time

after date, or after sight, and it is very important to record the liabilities involved by these credits.

There is a double contingent liability for each credit when it is issued, which will be reduced by every draft drawn under the credit. The drafts create actual double liabilities.

FOREIGN IMPORT LETTER OF CREDIT

A letter of credit issued gives rise to the contingent liability of the customer to the foreign department, and a contingent liability of the foreign department to the bank upon whom the credit was issued. Drafts accepted under these credits create an actual liability of the customer to the foreign department, and of the foreign department to the accepting bank. Prepayments on behalf of these acceptances received by the bank from a customer are usually set up as a liability, and used as a reduction of the customer's liability whenever a statement of condition is prepared.

OWN IMPORT LETTER OF CREDIT

Letters of credit issued constitute a double contingent liability of the customer to the foreign department, and of the latter to the beneficiary of the credit. Drafts accepted, reduce the contingent liabilities, and create an actual liability of the customers to the bank, and of the bank to the holder or presentor of the acceptance at maturity. Prepayments will be treated the same way as those under the previous heading.

EXPORT LETTER OF CREDIT

When the letter of credit is issued, a double contingent liability is created by the foreign customer (usually a foreign bank) to the American bank, and of the latter to the beneficiary of the credit. Acceptances of drafts against these credits will reduce the above contingent liabilities and give rise to an actual liability of the foreign customer to the American bank, and of the American bank to the holder or presentor of the drafts.

Acceptances of this kind will rarely be rebated by a foreign customer, but they may be repurchased by the accepting American bank, which would reduce their own liability without reducing the customer's liability.

National banks or member banks are authorized to accept drafts based upon import and export business, so that a foreign sight draft drawn upon a customer of a bank can be financed by the American bank by having the customer draw his own draft on the bank which it will accept for a commission, or discount at a certain rate under a trust receipt or similar arrangement, and these drafts can then be rediscounted at the Federal Reserve Bank. In that manner the bank can extend its credit without depleting its cash funds.

We have now open discount markets in this country, as banks in foreign business centers have been enjoying for centuries.

ADVANTAGES OF THE ACCEPTANCE PRIVILEGE

Surplus funds of a bank can be used in purchasing bank acceptances, which in time of stress can easily be converted into cash funds through means of a rediscount with the Federal Reserve Bank. It is only a matter of time when most of the banks will prefer investments in bank acceptances, and in personal acceptances, that are eligible for rediscount, to other classes of loans or investments which are not as liquid.

The advantages of the privileges granted to the national banks to accept drafts are numerous.

Customers can borrow from a bank cheaper than by discounting their own notes, and the funds of the banks are not affected since their credit only is involved. Banks with surplus funds can invest in acceptances, which, as mentioned before, are very liquid. The business of accepting drafts which has been practiced by foreign banks for centuries is very profitable, as it produces earnings in the shape of commissions without involving the cash funds of a bank, and this business is practically limited only by the readiness of the

market to absorb the acceptances of a bank.

DANGERS OF THE SYSTEM

Of course, there are also dangers connected with the commercial letter of credit and acceptance business. There is the danger of over extension of credit, and it is a bank's duty to keep well informed about the business of a merchant whose drafts the bank or its correspondent accepts.

I would call particular attention to some of the dangers arising from letter of credit transactions. A large part of the merchandise received under acceptances is delivered against trust receipt, and the merchandise forms the security of the bank for the payment of its own obligation. It is, therefore, advisable to spread the risk over different commodities and principally staple articles which are not subject to great fluctuation of price. A foreign department overstocked with a line of credits for merchandise subject to wide fluctuation may find that a big drop in price of that commodity will force the bank to become a dealer in that commodity, if some of the customers had been speculating and on the wrong side of the market. It may also happen that a customer receives large quantities of merchandise under trust receipt from the bank, places this merchandise in stock and subsequently sells the merchandise and assigns the invoice to some other bank, or to a discount house for a loan received. It is, therefore, very important that a bank not only keep in touch with the business of the customers to whom acceptance facilities are granted, but also periodically inspect the records to satisfy itself that a trust receipt is not a trust misplaced.

Paragraphs on Thrift

FRANK C. MORTIMER

¶Thrift prompts to industry and encourages self-reliance.

¶Thrift does not come at our beck and call, nor can it be slipped on or off like an old coat. It is established by practice rather than by theory, by example rather than precept.

¶Americans are looked on by some of the older nations as a people of extravagant habits. It has been said that articles which properly should be classed as luxuries are demanded as necessaries; that the cloud of debt lowers over homes that should be basking in the sunshine of financial independence.

¶Thrift, to become a fixed habit, must be practiced with regularity and be given an opportunity for exercise over an appreciable length of time. And unless it becomes fixed as a habit it is of comparatively little value. Spasmodic saving, followed by spasmodic extravagance, makes for ruin as surely as does habitual improvidence.

BANKING SERVICE for WOMEN

What Banks Should Have a Woman's Department

AS to this no inflexible rule can be prescribed. In the smaller towns banks will probably be less disposed to establish such a department, and of this they must be the judge. In the cities the profitable nature of a woman's department in a bank is no longer a debatable question. Many banks have tried the innovation and found it successful even beyond expectations. The number of banks that have tried it and the length of the experiment confirm the view that this is a sure source of increased business, under proper conditions and management.

Location of the bank is an important element affecting the adaptability of the institution to woman's needs. Proximity to retail shopping centers or to fashionable residence districts offers the most favorable location, while banks situated in manufacturing or wholesale districts are obviously at a disadvantage in getting women's accounts. Where banks are permitted to have city branches, they can overcome this obstacle and can locate branches at the most convenient points.

In very large cities the matter of location is of more importance than in cities of ordinary size, where banks situated in the banking and general business district are successfully conducting departments for women.

Aside from the location as a factor of importance in offering banking service to women, the next point for consideration is the character of the bank itself. Where a bank has facilities for doing all classes of business—savings, commercial, trust and safe deposit—there is, of course, no question of its adaptability to woman's needs; but possessing only certain of these functions, the service will be somewhat restricted though still offering an opportunity of profit.

Savings banks necessarily have many women depositors; and, for reasons stated above, they should have more, and the savings bank will find it profitable, the general conditions being favorable, to make special provisions to secure and care for the accounts of women. To women is left a large share in the home training of children, and it is therefore of great importance that savings banks should make all reasonable efforts to add to their number of women patrons, not for their accounts only, but for the many children's accounts that can thus be secured, and

Ladies' Room, National Bank of Savannah

for the general benefit of the community consequent upon training the young in habits of thrift. Savings banks are certain to find women's accounts a source of new business that can not be neglected if the bank is to be of the highest usefulness to its city and neighborhood. Where savings departments are adjuncts of commercial banks or trust companies, they will prove important feeders in time, to these institutions. Patrons of savings banks necessarily include many who ultimately become persons of property who need banking service of every sort.

The ordinary commercial bank also should have many women among its depositors—those in business, and those who are in the habit of doing the household shopping and paying the usual household expenditures. Trust companies and safe-deposit companies, as has been shown, have facilities of exceptional value to women.

So that it would appear that substantially every kind of bank has some service that women need. Banks whose business is largely financial, or with other banks, would perhaps be an exception to this rule. But banks of this character are few in number and exist only in a limited number of the great cities.

It is of course true that banking facilities in the way of discounts are not in demand from women to any considerable extent, although this feature of banking for women may be expected to grow, and perhaps the business of banks could be materially increased if women better understood the help a bank could give them in their business undertakings.

Ladies' Room in the Commercial Savings Bank, Marshall, Mich.

TALKS ON BUSINESS BUILDING

by W. R. MOREHOUSE

Some Points To Remember in Writing Copy

ONE of the very first things a young advertising man has to learn is to write copy from the reader's point of view. A purchaser of much advertising space recently told the Los Angeles Ad Club how he applied to his advertising man for copy to occupy a full page in one of the daily papers. He was putting on the market, real estate at a little-known beach and wanted to make his announcement as effective as possible. A day later the copy was presented to him and he found it disappointing, and, being quick-tempered, rejected it with an oath.

"Didn't I tell you that I wanted this ad so and so?" he asked.

"I understood that," the ad writer responded calmly, "but I want to tell you one thing. I didn't write this copy to please you; I wrote it to sell your beach property. I am confident that it will bring you results, and I am just as confident that had I followed your suggestion you would have been disappointed."

Every bank advertisement should be fundamentally educational, every statement the truth. "Conventional misstatements," or exaggerations are not permissible. A bank ad should be different from a merchant's advertisement, should have that superior quality which gives it individuality, makes it stand out over ads appearing on the same page. It should be built of new ideas, and use as informal and friendly a style as possible.

While headlines should be written to attract attention, they are also a part of the copy which follows, and must be so worded as to fit into the copy. Headlines should never tell the whole story, thus making the body-matter merely repetition. They should be composed of a few well-chosen words with a "human-interest" element, as, for instance, "How to Increase Your Income," or "How to Protect Your Heirs," or "How to Secure a Loan." Nearly every person wishes to increase his income, and the headline mentioned first will interest nearly every reader. "How to Protect Your Heirs" will secure the attention of individuals having property. "How to Secure a Loan" is of interest to any one planning to borrow money. Compare these headlines with "Service that Serves," or "Strength and Stability," or "Pride and Prosperity" and you are at once impressed with the absence of human interest in the latter.

If human interest headlines are the most effective, the same rule naturally applies to the copy which follows. In order to get the reader's attention and hold it, you must call to his attention subjects of special interest to him. Try to interest one of your friends who is an old fisherman, in the game of golf, or a friend whose hobby is golf in sailing, and see. Present your lodge friend with a roster of his lodge and ask him

to give you his opinion as to the appropriateness of the cover design. Before he answers you, he will look to see if his name is in the roster.

Headlines and copy may possess the requisite human-interest element and yet fail to produce results commensurate with the expense entailed. This may be due to faults in the copy, such as poor sentence construction or the use of uncommon words. Too often bank advertisements are written to show off the ad writer's extensive vocabulary, with the result that his copy is made up of uncommon words joined together in long sentences—a conglomeration with which the average reader is entirely unfamiliar. The following paragraphs clipped from the ad of a large bank illustrate this point. No doubt the writer of this ad put forth his best efforts to produce an advertisement that would attract attention and get the reader's interest. Yet the average reader would have considerable difficulty in digesting these paragraphs, and, rather than labor over them, would probably pass them by:

"A Spirit of Progressiveness in keeping pace with the onward march of banking evolution, anticipating the unexpressed wishes of the customer and providing for him every modern convenience and facility which are properly required by banking transactions--A controlling motive of Conservatism, placing foremost the service and safety of patrons, and the best interest of the community—

"Practical Efficiency in personal attention to the individual necessities of each patron, making prompt and complete satisfaction the desideratum of every transaction, large or small—"

Simplicity is essential to the effectiveness of every ad, not only simplicity in the use of short sentences and common words, but clarity in every statement so that the prospect will grasp your message instantly. Simplicity also calls for legible rather than illegible type such as Old English. Nor should styles of type be mixed in an advertisement.

Another essential to clarity is setting your matter in short lines. Where the space to be filled is more than two columns wide, it is always preferable to have printed matter in two or more columns, as the case may require, instead of running lines the full width of the space.

ILLUSTRATIONS

Appropriately illustrated newspaper advertisements have an advantage over ads appearing in solid type. They have greater attractiveness, since they catch the eye quickly and effectively. For instance, by using an appropriate illustration, a bank can show at a glance the effects of poverty and misery upon the human race, and impress unforgettably the person seeing the illustration. To get the same effect from printed matter, the reader would need to read several pages, and even then would not get so vivid a picture of these conditions.

In what better way can a bank tell the story of independence and contentment through saving? By the use of pen sketches in its advertisements a bank may show the reader his own condition in later years.

Illustrations call for borders correspondingly attractive and always appropriate to the situation. I have seen an advertisement illustrated with a pen sketch of a large, round vault door, part of the equipment of some Safe Deposit Department, and while this massive steel door suggests strength and security it is tied to a frail, broken border. A Christmas illustration suggesting the cheer and happiness of such a festival is sometimes encircled by a black border which would be more appropriate if used in connection with a death notice.

WHITE SPACE

Banks often have such a desire to get their money's worth out of newspaper advertising that they persist in filling the space contracted for full of solid copy, with the result that it is hard to distinguish their ad from the merchant's alongside. Instead of getting their money's worth by such false economy, they are extremely wasteful. Nothing attracts the reader's attention like white space, which is sure to arouse

the curiosity. If you want to get your money's worth out of your newspaper advertising, cut down the size of the type matter and increase the white space.

Newspapers printed upon a cheap, rough-surfaced paper, do not permit an ad to show up to the best advantage. This handicap, like the others mentioned, must be overcome by good copy, appropriate illustration and border, and ample white space.

YOUR BANK NAME

Your bank name should be the "bull's-eye" in your copy, for it is the one thing in your ad the reader of a newspaper should fix in his mind. He may be favorably impressed by your message and decide to open a bank account, but, unless the name of your bank is fixed in his mind, he may open his account elsewhere. A large Trust Company recently came out in one of the eastern papers with a strong appeal for trust business. The copy was unusually good and correct typographically, but, unfortunately, the name of the Trust Company was set in a type which required considerable study in order to determine just what Trust Company was advertising. Banks can do no better than to make newspaper readers focus attention upon their titles, which should therefore be as legible as possible so that the eye can catch them at a glance. By giving a bank's title prominence, you give a bank character and individuality, which is effective advertising.

LOCATION

Sometimes as you glance through your paper you do not see your ad at all, and need to institute a search in order to locate it. You know, it is somewhere in the sixteen or twenty pages of printed matter, but it is so completely buried under a lot of other advertising matter that you miss it—and you are not the only person who fails to find it, just because of poor location.

Location has much to do with the results to be obtained from the use of newspaper advertising. The fact that newspapers charge extra fer preferred space is an acknowledgment on the part of publishers that the location of an ad has much to do with its effectiveness. Placed in a good location, in the line of vision of the average reader, as he glances through the paper, he cannot avoid seeing the ad.

Preferred location costs from ten to twenty-five per cent. more than hit-or-miss location, but it is worth the increased cost several times, since it is sure to be read by a larger number of readers. The location regarded as most desirable is always next to news, preferably at the right of the reading matter, and in the upper right hand corner of a prominent page.

IN THE PROSPECTIVE CUSTOMER'S PLACE

As you have turned through the morning paper, eager for all the latest news, have you ever found one bank ad in particular that got right in the line of your vision at some unexpected moment and took your attention? What is it about such an ad which makes it stick out more prominently than all else on the page? Is it the white space, illustration, border, bank title and copy?

If it is a combination of all of these elements, then it is a good ad.

As you read it, has it a personal message for you, or is it something that only bankers would understand? Is there a human-interest story in it to arouse your curiosity? Are the sentences too long to read easily, or are the words so strange or technical that you do not recognize their significance promptly? Is there too much copy, so that you have not patience to read the ad clear through? Has the copy the punch to it that gives you a desire to open an account with the bank advertising, and does it convince you that you should act upon its suggestion at once?

If it gets your attention, interests you, compels you to act, then it is a good ad.

Organization in the Modern Bank*

By JOHN McHUGH, Vice-President Mechanics and Metals National Bank, New York

ORGANIZATION with competent supervision is absolutely necessary to the permanent success of any institution. Organization which permits of expansion and growth without confusion or sacrifice of efficient service is worthy of the best effort. Organization which is encumbered with unnecessary detail, or which calls for work which in turn requires elaborate systems to carry out, is to be avoided. Organization of any institution should be along the lines that will permit of unlimited expansion without the sacrifice of that scrupulous care which every detail should have. In many cases it is true it may be found that effort to this end has been carried too far, presumably by those who might be overzealous, with the result that to carry out a given plan of organization unnecessary and expensive detail may be involved.

One of the most effective and generally accepted plans of organization, one which is coming into quite general practice as a result of experience, is the holding of meetings at proper intervals of those interested in and charged with the management of a corporation. In the case of a large institution such as the Mechanics and Metals National Bank, it has been found particularly advantageous to hold frequent meetings. Beside the meetings of the board of directors, which are held twice a month, and the meetings of the executive committee, which are held once a week, we have the daily meetings of the officers and the monthly meetings of the heads of the various departments with the officers.

The daily meetings of the officers are one of the most interesting and effective means of keeping those in authority in close touch with the business of the bank. The officers thus become a real committee of management. Each officer is expected to and does report all important business coming to him and receiving his attention between meetings. Each officer is clothed with sufficient authority, and is expected to take every proper responsibility to handle those affairs which ordinarily come before his attention. But business opportunities and problems frequently are presented which he deems it unwise to act upon without consultation with his associate officers.

The daily meetings furnish opportunity for him to bring up such problems for joint consideration. In all cases the problems presented receive careful thought, a conclusion is reached, and the officer bringing the matter up is guided in the course to pursue. No business of importance, therefore, is transacted by the bank without the full knowledge of all the officers.

Minutes are taken of the daily meetings, and such action as may be had on matters that are discussed is thus properly recorded. The records are available to the credit department of the bank, and such matter as may be thought advisable to make note of in the credit files is transferred to them. Occasionally, on account of engagements, one or more officers may be unable to attend a daily meeting. In this event the minutes of the meeting provide a means of informing absentees of the

*This paper originally appeared in "The M. & M. Journal," a monthly publication, published by and for the employees of the Mechanics & Metals National Bank of the City of New York.

business that was under consideration and disposed of at the meeting.

The purpose of the monthly meetings of the officers with the heads of departments of the bank is readily stated. It is to give an opportunity to all those who are eligible to attend the meetings to keep in rather close touch with one another, to report and to hear everything of special interest that may have transpired in the conduct of the business of the bank since the previous meeting, to offer suggestions which may be thought advisable along the line of bettering the service of the bank, and to afford an opportunity for the officers of the bank to direct and advise the several heads of departments in matters of practice and policy.

Each department head, at the monthly meetings, is called upon for such report as he may have to make. If it should be that he has nothing to report, he so states. Very naturally if he should thus pass month after month, a reasonable conclusion will be that he is lacking in observation, or not in sympathy with the purpose of the meetings.

An institution as well as an individual must make progress or go backward. It cannot stand still. All of the meetings now being held by the Mechanics and Metals National Bank management are part of an established plan. In this respect they are permanent, and therefore will have the loyal support of everyone having to do with them, to the end that they may become as fully fruitful of the desired results as possible.

In every well-organized bank or corporation, particularly that having a large number of employees, discipline must be observed. There must always be proper respect for superiors in the organization, whether by an employee for an officer, or by an officer for his superior officers. Anyone who is not properly mindful of this and fully appreciative of its beneficial influences, anyone not in full sympathy with it, does himself an injustice. Very naturally, although perhaps unconsciously, he is what might be termed a disturbing element.

Every organization must have one head, one who is not only willing, but able and well equipped to take responsibility. There cannot be two or more in that position. A wise and prudent head of any organization will value, seek and carefully consider the judgment of those associated with him and thereafter act in accordance with conclusions. When he has done this, results will invariably be satisfactory. He is entitled to the hearty support which loyalty to the institution, on the part of every member of the staff, should insure.

No officer or responsible head of a department should shun proper responsibility, and if in the proper discharge of his duties he should occasionally err, he is not necessarily subject to criticism. If he be of the proper material and conscientious in the discharge of his duties, he will feel keenly any blunder that he might make, and he will probably take it more to heart than if subjected to criticism. If not, or if he err frequently, a logical conclusion would be that he is not engaged in the work for which he is fitted and should seek some other occupation. The predominant thought of the head of any bank, as well as those associated with him in its management, should be to the end that the very best for the institution as a whole shall be had from any given proposition. The institution's interest must always be placed before the interest of the individual, and the individual should receive his benefit through the success of the institution as a whole of which he is a part.

In every organization there should be a place for everything and everything should be in its place. Method should be observed in planning and doing, to the end that no unnecessary time be spent in carrying out any part of the work. Everyone should be imbued with the thought of trying to do more work and taking more responsibility than that assigned to him, rather than simply confining himself to doing that which is expected of him and no more.

While the business of banking may be said to be an exact science, calling

for constant repetition in daily work, a statement to this effect does not necessarily apply to many of the details of carrying out the work of this institution. It may be said to apply chiefly to fundamentals. There is always room for improvement. There is scarcely a bank in the country that does not do some things a little differently than any other bank does them. It is the aggregate of the way in which all of the things are done that goes to make up the character and general tone of any institution.

Banking and Commercial Law

LEADING CASES

Material Alteration

TEXAS

Renewal—Collateral—Security

Court of Civil Appeals, Texas. Amarillo, June 28, 1916

CALDWELL NAT. BANK VS. REEP ET AL.

Where a note stipulated that the drawers, indorsers, sureties, etc., waived presentment for payment, protest, and notice of protest, notice of nonpayment, and agreed that the time of payment might be extended without notice to them, or without their consent, and without affecting their liability, and the bank which held the note, innocently and pursuant to an agreement with a signatory thereto, canceled the due date and inserted a later date, the alteration destroyed the note as an obligation, despite the stipulation, which meant that those secondarily liable waived the matters mentioned, and that, if the note was extended as to the principal, the liability of the secondary parties would not be affected.

(188 S. W. Rep.)

Action by the Caldwell National Bank against M. D. Reep and others. From a judgment for the named defendant, plaintiff appeals. Judgment affirmed.

STATEMENT OF FACT AND OPINION

Hendricks, J. September 4, 1911, M. D. Reep, the appellee herein, executed two notes, dated September 4, 1911, each maturing six months from date, in favor of the Cowboy State Bank & Trust Co.; one of said notes being for the principal sum of $1,297.44, and the other for the sum of $1,272. The note for $1,297.44 was secured by a deed of trust on section No. 138, in block No. 2, Houston & Texas Central Railroad Co. survey, save and except a 200-acre homestead in the southwest corner of said section, said land situated in Scurry county. Before the maturity of these notes the Caldwell National Bank, the appellant herein, became the legal owner and holder of the same, by transfer and delivery. On February 3, 1912, M. D. Reep executed a note for $2,697.91, on its face payable to the order of the Cowboy State Bank & Trust Co., and due, according to the recitation in the note, on March 3, 1912. This note was signed by one Sim Lewis, who bore the attitude to Reep of a principal upon said note, on account of some contract entered into between Lewis and Reep, and Reep's obligation to Lewis on the note was that of surety. This note, though formally made to the Cowboy State Bank & Trust Co., as payee, was in reality executed for the benefit of the Caldwell National Bank, for the purpose of merging and extending the time of the indebtedness evidenced by the two

first notes mentioned. The Cowboy State Bank & Trust Co. immediately forwarded this note to the Caldwell National Bank, the appellant herein, and upon which, in so far as the obligation of Reep is concerned, he still bore to said bank the attitude of a principal, as upon the two first notes, with the contractual relation of Lewis as that of surety to that bank.

The Caldwell National Bank sued Lewis and Reep on this note for $2,697.91, and judgment by default was rendered against Lewis. Reep, among other things, pleaded a material alteration of the particular note, and at the trial it was established that said alteration was evidenced by the following facts: This note, as stated on its face, had a due date of March 3, 1912. At or before its maturity, Lewis entered into an agreement with the officers of the Caldwell National Bank that, in consideration of placing additional security by him as collateral to said note, the payment of interest on the same to October 3, 1912, said note would be extended to the latter date. It was also a part of this agreement that Lewis was to pay the interest on June 18th on the note, for the extension. He delivered the security as per agreement, and the bank drew on him, in compliance with the agreement as to the date, June 18th, the interest was to be paid, and said draft was promptly paid, which consummated the contract of extension to October 3. One of the officers of the bank, conducting the particular transaction, made a mark of cancellation through the date "March 3d," and inserted just above the alteration "June 18," making the note read, according to the alteration, June 18, 1912, as the due date of the same. This note, following the obligation to pay principal, interest, and attorney's fees, contains this stipulation:

"The drawers, indorsers, sureties, and guarantors severally waive presentment for payment, protest and notice of protest, notice of non-payment, and agree that the time of payment may be extended without notice to them, or without their consent, and without affecting their liability."

The argument is made: That, upon this stipulation, when the bank substituted June 18, 1912, as the time of the payment of said note, upon the agreement with Lewis for the extension, the legal effect of the instrument was not changed; hence the alteration was immaterial. That, when it was agreed with Lewis that for a consideration the note should be extended, the change of the date in the face of the note is no more than writing on the back of the same an extension of the time of payment.

It was attempted to be shown that, on account of a letter written by Reep to the Caldwell National Bank, at a time when the negotiations between the bank and Lewis were pending for the extension. Reep agreed to said extension. The record does not bear out this contention. Reep agreed to an extension of the note to some period of time in November—not to October 3, 1912.

We do not think the stipulation above quoted, in regard to the waiver of the presentment for payment, protest, and notice of non-payment, and extension of time without affecting liability, would affect the particular question. Evidently the stipulation means that those who are secondarily liable on the note waived the matters mentioned as to presentment, protest, and notice of non-payment, and that, if said note was extended as to the principal of same, the liability of said parties would not be affected. The word "drawers" is evidently not inserted to mean the makers, as principals, upon said note. The due date in the face of the note is a material portion of same, for many conceivable reasons unnecessary to mention. "* * * A change of such time [the due date] is obviously of the same nature as a change in the date—identical in principle and effect; and whether such change delays, accelerates, or preserves in legal effect, the time specified or implied for payment, it constitutes a material alteration." 2 Daniel on Neg. Insts. (6th Ed.) section 1377. The

time of payment of this note as to Reep, the maker, was not extended when Lewis put up additional collateral and anticipated the interest by payment. Hence the due date as to him remains the same; the extension only to Lewis, whom the trial court found bore the attitude of surety to the bank. Even if Lewis had the right, under the stipulation quoted, to extend the time of payment as to Reep, the principal, we seriously question that the alteration should be considered an immaterial one, notwithstanding in a sense it might be urged that, when the agreement for extension was made, the due date in the face of the note in law became immaterial. Whether extended or not, however, the first due date in a note may, as many matters, under some conditions, become quite material. The preservation of the identity of the instrument, and preventing the substitution of another instrument, without the privity of the party concerned, is also a reason actuating the law in declaring the note void. Greenleaf on Evidence, section 565. To destroy the due date in a note, and make an extension speak such date, and disguise it as an extension, destroys the paper as to its successive changes and different contracts.

We think it is inferable, and the trial court had the right to find, that the alteration made by the officer of the bank was not made willfully, but for the purpose of conforming to what he conceived to be the agreement with Lewis for the extension. The contention of the officer of the bank, who testified at the trial, was that Lewis was unable to pay the interest when the note matured March 3, 1912, but in consideration of the extension promised to pay it January 18, and, if the money were not paid January 18th, the extension to October 3, 1912, would not have been granted; in other words, his testimony is susceptible of the construction that the payment of the interest June 18th was a precedent condition to the extension, hence he changed the maturity date in conformity with what he conceived to be an agreement for a first extension. However, as stated, we think the due date is material.

The innocent intention of the bank in materially altering the note, though destroying it as an obligation, and as a premise for recovery, under appropriate conditions, however, the party could recover upon the original consideration. Otto vs. Halff, 89 Tex. 384, 34 S. W. 910, 59 Am. St. Rep. 56.

It is assigned that the trial court should have rendered judgment on the original notes first mentioned, the one for the principal sum of $1,297.44, and the other for $1,272, executed by Reep and merged into the $2,600 note signed by Reep and Lewis, which was altered by the bank. The original petition of the Caldwell National Bank, after setting out in the usual form the execution and delivery of the note for $2,697.91, payable to the Cowboy State Bank & Trust Co., and after alleging the delivery of certain collateral, as security for the payment of said note, averred:

"That to secure a note for $1,297.44, dated September 4, 1911, due on or before six months after date, with interest at the rate of ten per cent. per annum, executed by M. D. Reep, payable to the order of the Cowboy State Bank & Trust Co., which said note of $1,297.44 was renewed by the execution of said note for $2,697.91, said defendant M. D. Reep made, executed and delivered to John W. Woods, as trustee, his certain deed of trust * * * by the execution and delivery of which a deed of trust was given on said land, to secure the payment of said note for $1,297.44, and said lien existing for said amount and interest is incorporated in said note for $2,697.91."

It is quite evident that the pleader, in describing the note for $1,297.44, does so as a matter of description and inducement, for the purpose of showing that it was secured by the deed of trust upon the real estate, and that the same was merged into the larger note ($2,697.91) actually sued upon. There is no averment in the original petition upon any obligatory feature in the note for the purpose of evidencing an intention

of recovery, or of a desire for judgment; said allegation presenting evidentiary facts in order to show that such note, with its security, had been extended into the larger one, and afforded a basis for a recovery upon the mortgage, with a foreclosure of same to that extent upon said larger note.

The supplemental petition does not assist the pleader. For the purpose of ascertaining its meaning, we note that Reep, the defendant, had answered in the fifth paragraph that the extension of the $2,600 note, without his consent, had released him, and, further, the execution of said note was in satisfaction of the two previous notes. The further idea is carried into the eighth paragraph of his answer, in pleading that he was released from the larger note when the same was executed, for the reason that, when delivered to the Cowboy Bank, said bank, as the agent of the Caldwell Bank, understood that as between him and Lewis he was released from the former notes, and said Cowboy Bank knew of the changed relationship he bore to the original indebtedness, as a principal to that of surety, on account of his contract with Lewis, and that said extension also released him from the note sued upon. The first paragraph of the supplement petition is simply a reiteration that the two smaller notes were merged into the larger note, with the further declaration that all of the notes contained the stipuluation (hereinbefore ouoted) as to the agreement for extension; the second paragraph averring that it was the owner and holder of all the notes, and had acquired the same for a valuable consideration, without notice of any agreement between Lewis and Repp. The agency of the Cowboy Bank is denied in the supplemental petition, and the trial court found that said bank was the agent of Reep and Lewis only.

When the plaintiff averred, in the second paragraph in the supplemental petition, that he was the owner and holder of all the notes, without any notice of the agreement between Reep and Lewis—meaning the agreement pleaded by the defendant Reep as to his contractual status with Lewis—clearly it is not a declaration of liability upon the notes for judgment. It is a reply to the defense pleaded by Reep, which is accentuated by thereafter denying in the replication the alleged agency by the Cowboy Bank of Reep.

We think the whole of plaintiff's supplemental petition is one of challenge, in reality, to the averments in the answer, without evincing an issue presented to the trial court on the two smaller notes for judgment. The pleading is not alternative in its nature; that is, if denied relief on account of the material alteration of the $2,600 note, plaintiff solicits a judgment on the original consideration, evidenced by the smaller notes. In the original petition it is clear that the mortgage, alleged as having been given as security for the $1,297 note, is not presented for the purpose of foreclosure upon the establishment of that note as a debt in judgment; merely a pleading, as stated, exhibiting that said $1,297 note is merged, as a part of the consideration, into the larger note, to show that said security is extended as collateral to said larger note. The supplemental petition does not pretend to present for judgment the foreclosure of the mortgage in satisfaction of any debt; hence, if the original petition does not present the deed of trust for the purpose of foreclosing it as security to the $1,297 note, the failure to present the mortgage and ask for a foreclosure in the supplemental petition evidences an intention not to recover in an action of debt on any part of the original consideration in the supplemental petition.

One of the smaller notes is not even mentioned in the original petition; in the supplemental petition the amount of same, except by calculation, is not averred; neither is the rate of interest mentioned. The closing paragraph of the supplemental petition asserts that "said notes" have been placed in the hands of an attorney for collection, "and the fees therein stipulated the plaintiff has agreed to pay their attorneys * * * in representing them in this cause." It is not averred in any pleading that the fees stipulated in the smaller notes would accrue to anybody

for any purpose, or upon what condition said fees could be earned by any person.

We think the trial court was correct, upon the condition of the pleadings, in not rendering judgment upon the original consideration, and his judgment is in all things affirmed.

(188 S. W. Rep. 507.)

Special Deposit

NEBRASKA

Application of Special Deposit—Payment of Note.

Supreme Court of Nebraska, Sept. 22, 1916
BELK VS. CAPITAL FIRE INS. CO.

When a banker has in his hands a special deposit of money, the property of the maker of a promissory note, sufficient to pay the note, and also holds the note for collection, and upon demanding payment of the maker is directed to take the requisite amount out of the special deposit, and thereupon he says to the maker of the note, "Your note is paid," and thereafter holds it subject to the order of the maker until it is finally delivered to him, payment will be held to have been made at the date of the conversation.

Action by William F. Belk against the Capital Fire Insurance Company. From a judgment for defendant, plaintiff appeals. Reversed and remanded.

OPINION OF THE COURT

Morrissey, C. J.: From a judgment directing a verdict in favor of defendant, plaintiff has appealed. Plaintiff insured his threshing machine against loss by fire with the defendant, giving his note in payment of the premium. The policy provided that if the note was not paid when due the policy should lapse and liability thereunder cease so long as the note remained unpaid. The note was made payable August 1, 1913, at the office of the company in Lincoln, Neb., but on the margin is found a notation, directing that it be sent to the State Bank at Grafton for collection. Some time prior to the maturity of the note it was sent to the Grafton State Bank for collection. August 4, 1913, while the note was still in the possession of the Grafton State Bank, the property insured was totally destroyed by fire. Defendant refused payment, claiming that the note was past due and unpaid. Plaintiff testified that prior to the maturity of the note the banker at Grafton called plaintiff on the telephone and informed him that he had his note for collection. At that time there was in the hands of the banker money belonging to the plaintiff. This money was not on general deposit, and plaintiff was not carrying a bank account in the bank, but parties for whom plaintiff had done threshing had left the money at the bank for delivery to the plaintiff. When plaintiff was notified by the cashier that he held the note for collection, he directed the cashier to pay the note out of his money which was then in the cashier's hands. The cashier then said: "All right. Your note is paid." Continuing the conversation, the cashier asked plaintiff what he should do with the note. Plaintiff directed him to hold the note at the bank until such time as he would call for it. The cashier testified that he does not remember the conversation, but he does not deny it, and in the state of the record we must assume that it took place as testified by plaintiff.

Assuming then that this is true, we have this situation: The bank is holding money belonging to plaintiff. This money is not deposited and mixed with the funds of the bank, but the bank is acting as bailee. The bank is the agent of the defendant in the collection of this note. Plaintiff authorizes the bank to take an amount sufficient to pay the note out of his money. The banker says: "Your note is paid. Shall I mail it to you or will you call and get it?" and thereafter holds the note subject to the order and directions of the plaintiff. While the note was thus held, but before the banker had remitted the money to his principal, the property was destroyed. After the fire plaintiff called at the bank, asked for his note, and it was delivered without the payment of any money or the giving of a check. For the purpose of collecting this note, the banker was the agent of the defend-

ant. He had in his hands the money of the plaintiff. He was directed to apply this money on the note.

This he agreed to do; in fact, he did do when he said the note was paid, and thereafter held it subject to the order of the plaintiff. It will not be disputed that if plaintiff had called at the bank and demanded and received his money and then had passed that money back again to the banker with directions to apply it on his note, that that would have constituted payment. Under the circumstances this would be a useless piece of business. The case differs from one where the agent is indebted to the maker of the note and undertakes to pay the note in payment of his own debt. The bank was not indebted to plaintiff, but it was the bailee of his money. It was also the agent of the payee of the note. It acquiesced in his direction to pay the note, told him that it was paid, held the note subject to his order, and finally delivered it upon demand. In this state of the record it would appear that the note was paid on the date this telephone conversation was had, which, being before the destruction of the property, would entitle plaintiff to recover. What is said here is not intended to conclude the court on another trial as to whether this conversation and agreement actually took place. We are merely assuming this from the record that stands before us. It is a matter to be submitted to a jury, and for this reason the case is reversed and remanded.

159 N. W. Rep. 405.

Safe Deposit Box

New York

Joint Ownership—Gifts—Husband and Wife.

Surrogate's Court, Kings County, May, 1916
IN RE. SQUIBB'S ESTATE

Where a husband and wife rented a safe deposit box, they became tenants in common of the lease; but securities which were the separate property of each and were placed therein remain the property of the spouse placing them in the box, unless the ownership be changed by contract.

A husband and wife rented a safe deposit box, and each placed individual securities therein. At the death of the wife, there were found securities in the box, originally belonging to the husband, which were in an envelope, indorsed that the contents, "life insurance bonds," were the property of the wife. *Held* that, without proof of delivery of bonds to the wife and her acceptance thereof, for the purpose of making a present gift, the ownership of the bonds remained in the husband, and were not subject to a transfer tax as part of the wife's estate.

(160 N. Y. Supp.)

In the matter of the appraisal, under the acts in relation to taxable transfers of property, of the estate of Mrs. E. H. Squibb. From an order assessing and fixing the transfer tax, Graves S. Squibb appeals. Appeal sustained.

OPINION OF THE COURT

Ketcham, J.: Where husband and wife together rent a safe deposit box, and each deposits therein securities which are the separate property of the depositor, no suggestion is thereby supplied, either of gift or joint ownership. They own the lease of the box in common, and not by joint tenancy. Securities placed by one of them in the box remain his or her property, unless ownership be changed by some contractual act.

In this case there was a box in which, upon the death of the wife, there were found securities which concededly belonged to her, and other securities which originally belonged to the husband. The comptroller claims that these securities, once the husband's, are a part of the wife's estate.

It will be for a moment assumed, but without conviction, that the husband and wife were together the lessees of the box. There is no basis for finding that there was joint ownership as to any of the contents of the box. None can be derived from the joint use of the depository. Matter of Brown, 86 Misc. Rep. 187, 149 N. Y. Supp. 138, affirmed 217 N. Y. 621, 111 N. E. 1085. This was the effect of the case cited, supra, in which the facts were largely more suggestive of an understanding

between the parties that survivorship should be the result. Indeed, if there were joint ownership solely by reason of the lease, the only effect would be that all the contents would now belong to the husband.

Unless, then, a gift by the husband be shown, there is no basis for any tax. A gift causa mortis is excluded. The only evidence upon which it is argued that a gift was made is contained in the fact that the husband's securities were kept in the repository in an envelope indorsed, in his handwriting:

"Life insurance bonds, property of Mrs. E. H. Squibb."

Without proof of delivery to the wife and acceptance by her, both for the purpose of making a present gift, the ownership of the bonds in the envelope remains to this day in the husband. No such evidence is supplied by the legend which he put upon the envelope.

The appeal is sustained.

160 N. Y. Supp. 826.

Note of Married Woman

PENNSYLVANIA

Husband and Wife—Suretyship.

Supreme Court of Pennsylvania, May 15, 1916

OSWALD VS. JONES ET AL.

Where defendant's husband, wishing to borrow money to engage in the hotel business, applied to plaintiff for a loan, offering his wife as surety on his note, and plaintiff refused to accept the note in that form, but took her note, knowing the money was to be used by the husband, and the wife received no benefit from the transaction, plaintiff dealing directly with her husband, she is not liable on the note.

(98 Atl. Rep.)

Action of assumpsit by V. A. Oswald against Margaret A. Jones and another on a promissory note. From a judgment for defendants non obstante verdicto, plaintiff appeals. Affirmed.

OPINION OF THE COURT

The facts appear in the following opinion of Woods, P. J., *sur* defendant's motion for a new trial and for judgment n. o. v.:

The foregoing case was tried before a jury, who found for the plaintiff. A motion for judgment n. o. v. was filed, and subsequently motion and reasons for new trial.

The defendant is a married woman and as such she alleged that the note was given to secure money for her husband and that she was simply surety for him. A petition was presented alleging this fact, and an issue was awarded to determine the question. The defendant alleges that the testimony established the fact as alleged by defendant. The plaintiff denies the allegations of the petition and testifies that the money was given on the defendant's credit.

The testimony shows that the husband of the defendant transacted the business. He first sought the loan and offered his wife as surety. This was refused, and the plaintiff testified that the husband must be eliminated, and then the husband secured the loan for his wife.

The evidence fails to show that the plaintiff and defendent ever met or had anything to do with each other, all the transactions were carried on between the defendant's husband and the plaintiff. The defendant got nothing. Her husband obtained the business at Watsontown and sold the beer of the plaintiff after having obtained a license.

The note given by this married woman was presumed to be valid and it is incumbent upon her to show that she was not liable. Merchants and Mechanics Bk. of Scranton vs. Poore, 231 Pa. 362; Farmers & Merchants Bk. of West Newton vs. Donnelly, 247 Pa. 518.

While the courts demand proof that the note given was invalid, at the same time it is the duty of the court to recognize the principle as laid down in Manor Nat. Bank vs. Lowery, 242 Pa. 559, 564: "If Urilla Lowery, for the purpose of giving a security for a loan

that her husband had arranged for her own benefit, * * * if she so signed this note, she is surety only, and being a surety, the note as to her is a nullity."

The uncontradicted testimony is that the husband wanted the money for his own use, and the plaintiff agreed to let the wife have the money if the husband was eliminated. Plaintiff knew the defendant's husband wanted to go into the hotel business at Watsontown and refused to give the money to him for that purpose, but was willing and did give the money to the wife so that the husband could go into the very same business at the same place. He knew what the husband wanted the money for, and with that knowledge he never communicated with the wife except through the husband. He was not willing to furnish the money on a note signed by E. G. Jones, the husband of Margaret A. Jones, the wife, and H. D. Taylor.

Originally the husband wanted to borrow on a note with Margaret Jones and H. D. Taylor on as sureties, but plaintiff now claims he gave it to the wife of H. D. Taylor as surety. The same parties figure in both transactions, if there were two separate transactions. We are inclined to believe that the transaction was continuous, a subterfuge known to both the plaintiff and the husband, to obtain the money and bind the wife's property.

As was said in Patrick & Co. vs. Smith, 165 Pa. 526, 529, 30 Atl. 1044, 1045: "The whole transaction was a transparent device adopted by the plaintiffs and the husband, to evade an express statutory enactment; to create, by form, a liability, where by law none in fact existed. As she received no benefit, as the plaintiff was in no way deceived, she was under neither moral nor legal obligation to pay, and there should have been no verdict against her." And again in the same case: "If the object was to evade the disability created by the statute, the fact and not the form will determine her liability.

The evidence, uncontradicted, is that the husband wanted the money and would give a note with his wife, the defendant, and H. D. Taylor, as surety, but he said no, you may have the money if your wife and H. D. Taylor will give the note and you stay off it, but go and buy the hotel you want with this money. Plaintiff knew what the husband wanted to do with this money and he knew later that the husband did just what he told him he wanted to do with it. The defendant received no benefit. The plaintiff gave the money knowing what it was to be used for and what it was used for.

To our mind, the whole transaction was an apparent device to evade an act of Assembly, and all the testimony leads us to that conclusion. The testimony reveals the fact that the plaintiff and defendant were at no time face to face with each other in the whole transaction. The husband profited by the transaction, while the wife received no benefit whatever. To our mind this case is ruled by the case of Patrick & Co. vs. Smith, 165 Pa. 526, 30 Atl. 1044, supra.

Per Curiam. The uncontradicted testimony in this case was that the husband of the appellee wished to borrow money from the appellant for the purpose of enabling him to engage in the hotel business. When he offered to give his wife as one of the sureties on his note, the appellant, knowing that she could not legally incur such liability, demurred, and his claim is that he then lent the money directly to her. The testimony conclusively shows that:

"The whole transaction was a transparent device adopted by the plaintiff and the husband to evade an express statutory enactment; to create, by form, a liability, where by law none in fact existed. As she received no benefit, as the plaintiff was in no way deceived, she was under neither moral nor legal obligation to pay, and there should have been no verdict against her." Patrick & Co. vs. Smith, 165 Pa. 526.

(98 At. Rep. 783.)

Judgment affirmed.

International Banking and Finance

War Loans*

WAR financing is practically as old as history. Every nation at some time or another has been obliged to borrow greater or lesser amounts to furnish "the sinews of war," and, to meet these emergencies, various expedients have been attempted. In this field the United States has had a fruitful experience. In the one hundred and forty years which mark the life of this Republic the country has passed through five eventful wars, including one of the most tremendous of modern struggles. And the part played by the men who financed the military necessities of the nation has been scarcely inferior to that of the men on the firing line and on the high seas.

REVOLUTIONARY LOANS

When the patriots at Lexington "fired the shot heard 'round the world," the thirteen colonies found themselves suddenly in the midst of war, but with practically no funds in their treasuries. The Continental Congress was without power to raise money by taxation, and had to depend upon credit bills and requisitions drawn against the several colonies. France was the first foreign country to come to the aid of struggling America, the King of France himself advancing us our first loan. All told France's loan was $6,352,500; Holland loaned us $2,000,000; and Spain assisted us with $174,017. Our loan from France was repaid between 1791 and 1795 to the Revolutionary Government of France; the Holland loan during the same period in five annual installments; and the Spanish loan in 1792-3.

FIRST DOMESTIC LOAN

Our first domestic war loan of £6,000 was made in 1775 and the loan was taken at par. A year and a half later found Congress laboring under unusual difficulties. Boston and New York were held by the enemy, the patriot forces were retreating, and the people were as little inclined to submit to domestic taxation as they had formerly been to "taxation without representation." To raise funds even a lottery was attempted. In October, 1776, Congress authorized a second loan for $5,000,000. It was not a pronounced success, only $3,787,000 being raised in twelve months. In 1778, fourteen issues of paper money were authorized as the only way to meet the expenses of the army. By the end of the year 1779, Congress had issued $200,000,000 in paper money, while a like amount had been issued by the several states. In 1781, as a result of this financing and of the general situation, Continental bills of credit had fallen ninety-nine per cent.

FIRST BANK OF ISSUE

Then came Robert Morris, that genius of finance, who found ways to raise the money which assured the triumph of the American cause. By straining his personal credit, which was higher than that of the Government, he borrowed upon his own individual security on every hand. On one occasion he borrowed from the commander of the French fleet, securing the latter with his personal obligation. If Morris and other patriotic citizens had not ren-

dered such assistance to the Government, some of the most important campaigns of the Revolutionary War would have been impossible. Following came the Bank of Pennsylvania, which issued its notes—in effect, loans—to provide rations and equipment for Washington's army at Valley Forge. These notes were secured by bills of exchange drawn against our envoys abroad, but it was never seriously intended that they should be presented for payment. The bank was a tremendous success in securing the money necessary to carry out its patriotic purposes, and was practically the first bank of issue in this country.

HAMILTON'S FUNDING POLICY

With the actual establishment of the United States and the adoption of the Constitution, Alexander Hamilton came forward with a funding scheme by which the various debts owed to foreign countries, to private creditors, and to the several states were combined. In 1791, on a specie basis, our total debt was $75,000,000. The paper dollar was practically valueless and the people were forced to give the Government adequate powers to raise money and to impose taxes. Between that date and 1812, thirteen tariff bills were passed to raise money to meet public expenditures and pay off the national debt.

WAR OF 1812

For some time previous to the actual outbreak of the War of 1812, hostilities had been predicted. In a measure, this enabled Congress to prepare for it. And although the war did not begin until June of 1812, as early as March of that year a loan of $11,000,000, bearing six per cent. at par, to be paid off within twelve years from the beginning of 1813, was authorized. Of this, however, only $2,150,000 was issued, and all was redeemed by 1817. The next year a loan of $16,000,000 was au-

thorized. This loan was redeemable after January 1, 1826, it paid six per cent. interest, and sold at 88. The amount issued was $18,109,137, which was all paid off by 1821.

At the end of the war the total loans negotiated by the Government aggregated $88,000,000. The nation's public debt, as a result of this war, was increased to $127,334,933 in 1816. By 1835, either by redemptions or maturity. it was all paid.

MEXICAN WAR LOANS

The Mexican War debt incurred by the United States, exceeded $43,000,000 and was financed by loans in the form of Treasury notes and Government stock. The Treasury notes, under the act of 1846, totalled $7,687,800 and the stock $4,999,149. The latter paid six per cent. interest. By act of 1847, Treasury notes to the amount of $26,122,100 were issued, bearing interest in the discretion of the Secretary of the Treasury, reimbursable one and two years after date, and convertible into United States stock at six per cent. They were redeemable after December 31, 1867. Economic developments following this war led to a period of extraordinary industrial prosperity which lasted for several years. A change in the fiscal policy of the Government, however, resulted in a panic in 1857 and a Treasury deficit in 1858. The debt contracted in consequence of the Mexican War was redeemed in full by 1874.

CIVIL WAR LOANS

The situation had not improved to any great extent when Lincoln took office on March 4, 1861, and by mid-November of that year a panic was in full swing. The outbreak of the Civil War found the Treasury empty and the financial machinery of the Government seriously disorganized. Public credit was low, the public mind was disturbed, and raising money was difficult. In 1862, the Legal Tender act was passed, authorizing an issue of $150,000,000 of legal tender notes, and an issue of bonds in the amount of $500,000,000 was authorized.

This proved to be a most popular loan. The bonds were subject to redemption after five years and were payable in twenty years. They bore interest at six per cent., payable semi-annually, and were issued in denominations of $50, $100, $500 and $1,000. Through one agent, Jay Cooke, a genius at distribution, who employed 2,850 sub-agents and advertised extensively, this loan was placed directly with the people at par in currency. Altogether the aggregate of this loan was $514,771,600. Later in that year Congress authorized a second issue of treasury notes in the amount of $150,000,000 at par, with interest at six per cent.; in January, 1863, a third issue of $100,000,000 was authorized, which was increased in March to $150,000,000, at five per cent. interest. These issues were referred to as the "one and two-year issues of 1863."

DEFICIT IN 1863

In December, 1863, Congress had to face a deficit of $277,000,000 and unpaid requisitions amounting to $47,000,000. By the close of that year nearly $400,000,000 had been raised by bond sales. A further loan act, passed March 3, 1864, provided for an issue of $200,000,000 of five per cent. bonds known as "ten-fortys," but of this total only $73,337,000 was disposed of. Subsequently, on June 30, 1864, a great public loan of $200,000,000 was authorized. This was an issue of treasury notes, payable at any time not exceeding three years, and bearing interest at seven and three-tenths per cent. Notes amounting to $248,601,680 were sold. The aggregate of Government loans during the Civil War footed up a total of $2,600,700,000; and on September 1, 1865, the public debt closely approached $3,000,000,000, less than one-half of which was funded.

Civil War loans, with one exception, which sold at 89 3/10, were all placed at par in currency, subject to commissions ranging from an eighth to one per

cent. to distributing bankers. The average interest nominally paid by the Government on its bonds during the war was slightly under six per cent. Owing to payment being made in currency, however, the rate was, in reality, much higher. With the conclusion of the war, the reduction of the public debt was undertaken, and it has continued without interruption to date.

Heavy tax receipts for several years after the close of the war potentially enabled the Government to reduce its debt. Indeed, from 1866 to 1891, each year's ordinary receipts exceeded disbursements, and enabled the Government to lighten its financial burdens. In 1866, the decrease in the net debt was \$120,395,408; in 1867, \$127,884,952; in 1868, \$27,297,798; in 1869, \$48,081,540; in 1870, \$101,601,917; in 1871, \$84,175,888; in 1872, \$97,213,538; and in 1873, \$44,318,470.

Through refunding operations—in addition to bonds and short-time obligations redeemed with surplus revenues—the Government paid off, up to 1879, \$1,395,345,950 bonds bearing interest at from five to six per cent. In this year the credit of the Government was on a four per cent. basis, and a year later on a three and one-quarter per cent. basis against a maximum basis of fifteen and one-half per cent. in 1864.

Between 1881 and 1887, the Government paid off, either with surplus revenues or by conversion, another \$579,560,050 bonds. In 1891, all bonds then redeemable were retired, and on July 1, 1893, the public debt amounted to less than one-third of the maximum outstanding in 1865. In 1900, the Government converted \$445,900,000 bonds out of an aggregate of \$900,000,000 convertible under the refunding act passed by Congress in that year. And further conversions in 1903, 1905, and 1907 brought the grand total up to \$647,250,150—a result which earned for the Government a net annual saving in interest account of \$16,551,037.

The United States is a debt-paying nation. We are always ready to contract a public debt when necessary, but are, if anything, more zealous in repaying it. Hamilton's admonition as to the fundamental necessity of maintaining a high standard for our national credit and an unsullied reputation for punctual performances of all public contracts has been the country's text and gospel for a century and a quarter. Hence, America's credit, despite occasional fluctuations, has steadily risen, and today our national debt sells on a lower income basis than that of any other nation in the world.

A POPULAR LOAN

Following the sinking of the Maine in Havana Harbor, in 898, Congress authorized an issue of \$200,000,000 three per cent. ten-twenty year bonds. Of this aggregate \$198,792,660 were sold by the Government at par. So popular was his loan, it was oversubscribed seven times. During the year 1898, following the allotment to the

public, this issue sold at a premium, the price going to 107¾, and, during the next year, to 110¾. After the war ended, the Government, in accordance with its unvarying custom, began to pay off this debt; but, despite the Secretary of the Treasury's offer to buy these bonds, he succeeded in purchasing only about $20,000,000 bonds.

PRESERVED AMERICA'S IDEALS

America's war loan experience, therefore, is practically co-extensive with the life of the nation. The ready willingness of our citizens to subscribe for each recurring war loan issue has been our mainstay in preserving the ideals of the Founders of the Republic, in perpetuating the fundamental principles of American government. Without the financial support of the people in the several crises referred to, American history as we know it to-day might have never been written. Patriotic and public-spirited assistance herein has been a chief factor in shaping our destiny. The burdens imposed have been cheerfully assumed and readily discharged in the constant increase of wealth and taxable resources. The lessons we have derived from our own internal experiences of the past may help to interpret the full significance of foreign war loans and to grasp the opportunities now opened through that larger field of external investment.

FOREIGN WAR LOANS

While the present war in Europe has entailed a great sacrifice in men and money upon many countries, it has not been without economic benefit. The tremendous gain in our export trade in 1916 over 1913 was largely the result of purchases stimulated by the war. In 1914, our merchandise exports totalled $2,355,000,000. In the next year, the aggregate rose to $3,554,670,847, an amazing increase. And, in 1916, the $5,000,000,000 total was passed, when merchandise exports from the United States reached a value of not less than $5,480,900,931. Measured upon a per capita basis this aggregate represents about $55 for 1916 as against $25 for 1913; and is incontestable proof of a prosperity that, despite the regretable cause is, nevertheless, an unquestioned certainty.

INCREASE IN FINANCIAL STRENGTH

One result of this unprecedented foreign market has been a marvelous increase in the financial strength of the United States. Through the influx of gold in payment for the commodities supplied by us, we now hold about thirty per cent. of the world's total supply of gold, an increase over the stock held by us in 1914 of, approximately, thirty per cent. In the last two years the gold stock of the United States has been increased $950,000,000, through imports, expanding to $2,864,-841,650, as officially reported, on December 31, 1916. This is almost double the amount held ten years ago. In addition, American securities to the value of more than $2,000,000,000 have been bought back to us.

BASIS FOR FOREIGN LOANS

Our possession of this superabundance of gold throws upon us the obligation of employing it intelligently. And from an economic point of view, no better way can be devised for its use than as a basis for foreign loans and the extension of foreign trade.

Nor should we overlook the fact that a vast accumulation of gold is in itself a thing of evil possibility; for, in accordance with all economic traditions, such a situation invariably leads to abnormal credit expansion, inflated prices, and not infrequently to unsound speculation. The consequent disastrous reaction of such developments upon our business fabric as a whole would result in widespread depression and, perhaps, in commercial paralysis and industrial stagnation.

LOANS MEAN INSURANCE

By adopting, however, a policy of enlightenment and by lending back to our customers a reasonable proportion of the

gold received from them, or by extending to them reasonable credits, we shall be able to guarantee the permanence of our trade relations with them, while, at the same time, averting for ourselves the penalties of overspeculation and overexpansion. Thus, a lending policy on our part would not only prove to be a species of protective insurance but in effect would remove us from the debtor-nation class to which we have heretofore belonged and might raise us to the very pinnacle among creditor nations—a class whose commercial prosperity is assured and whose foreign trade relations are most permanently established.

FIXED INCOME FROM INTEREST

The financial prestige enjoyed by Great Britain and France before the war sprang directly from the policy which induced these nations to finance weaker countries and promote the development of the latter, either by direct loans or by necessary credit extensions. By such a method of wise and far-seeing reciprocity, Great Britain and France exacted tribute from almost every country in the world, enhanced the financial supremacy of London and Paris as international monetary centers, and gained for themselves a commanding eminence in world trade.

COMMERCE DEPENDS ON CREDIT

The way is open to the United States in the present to do as much. And to some extent a beginning at least has been made. To be productive of the highest results, however much more remains to be done.

To change America from a debtor-nation to a creditor-nation, even with the huge gold hoard and increased banking strength as a basis cannot be accomplished over night. A nation is merely an aggregation of individuals speaking and acting as a whole. Its habits, emotions and feelings are merely those of

its individual units; so too are its resentments or dislikes. Before the trade of an individual can be secured one must obtain his goodwill; this is also true of nations. Although, in expanding our own commerce within the last two years, we have taken no unfair advantage of any other nation, we certainly have been enabled to progress largely because of the extremities and internal dislocations of numerous countries involved in the present war. Trade coming to us, under such circumstances, or gold, for that matter, is not so much a matter of choice as it is of necessity; and has not back of it the goodwill of the people who favor us. Goodwill is the talisman which attracts and holds trade, and a factor in promoting goodwill is foreign lending.

"INEXHAUSTIBLE RESOURCES"

The wealth and resources of Great Britain and France are so enormous that they preclude any serious thought of possible loss to this country through loans made by it to either country. Of Great Britain's material wealth, Frederick the Great once said: "Among all the nations of Europe the English nation is the wealthiest. Its trade embraces the globe. Its capital is incredibly large. Its resources are almost inexhaustible." That was more than a century ago, and the time which has since elapsed but reaffirms the truth of the great German's tribute.

BRITISH CHANCELLOR'S ASSERTION

As recently as August of last year, the Right Honorable Reginald McKenna, Chancellor of the British Exchequer, said: "If we were to end the war at the end of the current financial year, that is to say, on March 31, 1917, our present scale of taxation would provide not only for the whole of our peace expenditure and the interest on the whole national debt, but also for a sinking fund calculated to redeem that debt in less than forty years, and there would still remain a surplus sufficient to allow me to abolish the excess-profits tax and to reduce other taxes considerably."

BRITISH-FRENCH INCOME

Cursory examination of the income account of the British Isles shows an annual return of $12,000,000,000 with an aggregate of more than $10,000,000,000 for France. Our loans to these countries do not exceed $1,500,000,000 and at five per cent. would only require an annual interest return of $75,000,000, or only about one-third of one per cent. of the joint annual income of Great Britain and France.

Again, although embroiled in a foreign war, which one might well suppose would tax to the uttermost the energies of these nations and result in a loss of overseas trade, both Great Britain and France increased their exports to this country in 1916 over the figures for 1915—Great Britain by $52,000,000, and France by $25,000,000.

BRITISH-FRENCH WEALTH

During the last century it has been computed that the wealth of Great Britain has increased more than six times, and this is also true of the national wealth of France. According to a 1915 report of the United States Bureau of Foreign and Domestic Commerce, the wealth of the United Kingdom of Great Britain and Ireland totals $85,000,000,000; while for France a corresponding valuation is placed at $50,000,000,000. Sir George Paish, the eminent English economist and writer, recently declared that since the beginning of the war the national income of Great Britain had risen $3,000,000,000, or from $12,000,000,000 annually to $15,000,000,000, notwithstanding the fact that over 4,000,000 men had joined the colors and left the ranks of industry. The annual savings of Great Britain are estimated at $1,875,000,000, and those of France at $1,250,000,000.

WAR DEBT AND INCOME

Despite the enormous expenditures of Great Britain and France since the beginning of the war—expenditures running into thousands of millions of dol-

lars—a statistical computation shows that, estimated on a per capita basis, the burden is relatively not greater than was that of the debt imposed by the Napoleonic wars which ended with Waterloo. For Great Britain the bond interest obligation then was about eleven per cent., with total government expenditures using up annually about twenty per cent. of national income. In the present, or immediate, future, the bond interest which Great Britain must pay is placed at seven per cent., and her aggregate annual outlay at fifteen per cent. of the total national income. For France, annual bond interest payments are now computed at eleven per cent. and governmental expenditures about nine per cent., or in all about twenty per cent. of the national income. Neither Great Britain nor France possessed resources in 1815 one-sixth of what they own today, yet the debts imposed by the campaigns from 1791 to 1815 were borne successfully and were discharged in full.

AN ASTONISHING PARALLEL

While the public debt of all the belligerents has increased enormously, thereby increasing the annual interest charges which the future must provide, we have here in America a very close historical parallel. In 1860, the principal of the interest-bearing public debt in the United States was $64,842,000. In 1862, after two years of civil war, this had risen to $365,304,000, an increase of almost 600 per cent. And in 1865 this debt had risen to the then staggering total of $2,674,815,856. Notwithstanding all that has been published with relation to the war debts of the European belligerents, there is nothing in any way comparable to this astounding ratio of increase in America's public debt from 1862 to 1865.

DEBT AND SECURITY PRICES

During the Napoleonic wars England's public debt was practically

trebled, standing after Waterloo at about $4,500,000,000. Today, it has again trebled. In a single year of war with Prussia, 1870, France found her public debt enlarged seventy per cent. The movement of the respective securities of Great Britain, the United States, and France, during the Napoleonic wars, the Civil War and the Franco-Prussian campaigns are worthy of mention. British consols, selling at 90 before the Napoleonic wars, dropped to $47\frac{1}{4}$ at the outbreak of hostilities; went to 84 in 1817, two years after Waterloo; and sold as high as 97 in 1824. In America our U. S. Fives, at par in 1861, dropped to 83 on the exchange, but went to 125 in 1869. French Five per cent. loan, offered to raise the billion-dollar indemnity to Prussia in 1871, sold at first as low as $79\frac{1}{4}$ and $80\frac{5}{8}$. In 1874, these securities rose to $100\frac{1}{2}$, and to $125\frac{1}{2}$ in 1881, barely ten years after their issuance.

EARLIER WAR OUTLAYS

All told, the Napoleonic wars, which lasted from 1793 to 1815, cost approximately $6,300,000,000. The Mexican war cost us about $81,000,000. Our Civil War resulted in an aggregate expenditure exceeding $8,000,000,000, from 1861 to 1864. The Franco-Prussian War, the next to follow, consumed not less than $3,000,000,000. The second South African War, 1900 to 1902, cost in round figures $1,300,000,000; the Russian-Japanese engagement consumed not less than $3,000,000,000; and our comparatively trifling hostilities with Spain, 1898, added $165,000,000 to this country's public expense.

ENTERPRISE UNCHECKED

Despite the relative closeness of the Spanish-American, South-African and Russo-Japanese wars, involving an aggregate approximate expenditure of $4,465,000,000, the fact is significant that between 1898 and 1905—the period embracing all three wars—over all the world arose a practically concurrent demand for capital for new enterprises, which was fully satisfied. There was little, if any, disturbance to industrial operations and, save in the respective war theatres, no noticeable diminution in the world's production. The march of progress continued with scarcely noticeable interruption, apparently unchecked and unifluenced by the wars in question.

IMPROVED ECONOMIC RELATIONS

Summing up the developments of the present war as far as they affect the financial position of the United States, we may assume that of a probable aggregate of $4,000,000,000 owed by us to European investors, we have redeemed over $2,000,000,000. We have saved thereby not less than $100,000,000 a year, which we paid formerly to Europe in dividends and interest. Moreover, we have loaned to foreign countries in the last two years, in round numbers, another $2,300,000,000, upon which we shall receive annually hereafter another $115,000,000 in interest paid to us from outsiders. It makes but little difference to us whether these loans are renewed or continued, are paid off at maturity or are refunded. While they run, annual interest will reach us. If paid off, we shall have created for us a surprisingly large credit balance. If they are refunded by securities negotiable in New York or London, this country will be placed in a position to regulate with precision its economic relations with all the world's markets—a power which Lon-

don exercised freely heretofore, and which enabled that center to dominate the world's finances.

AMERICA'S OPPORTUNITY

During the Napoleonic Wars, English capital steadily accumulated, and enabled that country to pay off the war debt and largely to finance the needs of other countries. This double obligation England met with characteristic vision; and it is quite conceivable that her liberality and wisdom at that date laid more than a foundation for her commanding influence in international trade. Her liberal policy in making loans enabled other countries to develop, and to produce the commodities England needed but did not possess, while concurrently yielding her a steady income. In this way, she built up a foreign business that became more and more profitable with the years, and which served the double purpose of satisfying her own wants and affording her a sound investment. The position of the United States today is not unlike that of England then. We have the capital and the credit; and if the policy of making wise foreign investments, which England followed to her decided advantage, be adopted by the United States, a forward step will be taken in making our country a creditor nation and a power both in world finance and international trade.

EXTERNAL LOANS SAFE

The element of risk involved in American loans to England, France, or Russia is scarcely worthy of consideration, because the support of their foreign credit means the very existence of these nations. That must ever be their primary, their paramount obligation. In the past it has never been questioned. In the future, it cannot be questioned. Upon this point, we may quote one of Great Britain's highest authorities, when he recently explained the difference between an internal and external loan to a prominnt American financier. Said he: "An internal obligation of the government is a debt owed by the government to its own people; an external obligation of the government is a debt of all of the people through the government to holders without the country." Interpreted this means that the assets and good faith of all the people are pledged as security for the bonds issued by a government of which they are the founders.

Investment in government offerings of nations, with a long-sustained record for thrift, prosperity and honor, have behind them a guarantee that all financial experience approves and sanctions. The sacrifice and discipline of war have served to increase thrift, create greater efficiency and develop new resources. The continuation of this experience may confidently be expected.

Investment in Foreign Loans*

FROM statements which have been published from time to time, both in the American and foreign press, there appears to be a misunderstanding of the attitude of the Federal Reserve Board with respect to investments in foreign loans in the United States. On more than one occasion the Board has endeavored to remove this misunderstanding.

FOREIGN LOANS ENCOURAGED

So far from objecting to the placing of foreign loans in the American market, it regards them as a very important, natural and proper means of settling the balances created in our favor by our large export trade. There are times when such loans should be encouraged as an essential means of maintaining and protecting our foreign trade.

The Board has already stated that its announcement of November 28, 1916, did not deal with the finances or the credit of any particular country, but only with banking principles which it seemed desirable to emphasize under the conditions existing at that time. The objection then made by the Board was to the undue employment by our banks of their funds in the purchase of foreign loans and not to the merits of foreign loans as investments. The Board was then, and is now, of the opinion that the liquid condition of our banks should not be impaired through undue or unwise use of their resources for investment operations.

The position of the Board with respect to this principle has not changed. It still takes the view that foreign borrowings should appeal primarily to the investor and not involve the use of banking resources beyond the limits of sound practice.

TO REMOVE MISCONCEPTION

In view, however, of existing conditions, especially as they affect our foreign trade, the Board deems is desirable and in the public interest to remove any misconception that may be left in the minds of those who read the statement issued on the 28th of November, 1916.

Since that date the country's gold reserve has been further materially strengthened and supplies a broad basis for additional credit. The board considers that banks may perform a useful service in facilitating the distribution of investments, and in carrying out this process they may, with advantage, invest a reasonable amount of their resources in foreign securities. So long as this does not lead to an excessive tying up of funds and does not interfere with the liquid condition of the banks, there cannot be any objection to this course.

The board did not, of course, undertake to give advice concerning any particular loan. It desires, however, to make clear that it did not seek to create an unfavorable attitude on the part of the American investors toward desirable foreign securities, and to emphasize the point that American funds available for investment may, with advantage to the country's foreign trade and the domestic economic situation be employed in the purchase of such securities.

*Statement issued by the Federal Reserve Board, March 9, 1917.

Polish Credit Bank

ANNOUNCEMENT has been made of the establishment of the Polish State Credit Bank, which shortly will issue new paper currency in Polish marks of a value equivalent to German marks and guaranteed by the German Government.

The step was taken after long deliberation on the problem as to how the financial and credit situation in Poland could be improved with a view to stimulating the development of the economic life of that country. The bank, which will operate for the duration of the war, and until Poland is on a peace footing, will be opened as soon as the currency can be prepared.

The operation of the bank will be extended to the part of Poland occupied by Austria-Hungary as soon as an agreement with the dual monarchy to that effect is completed.

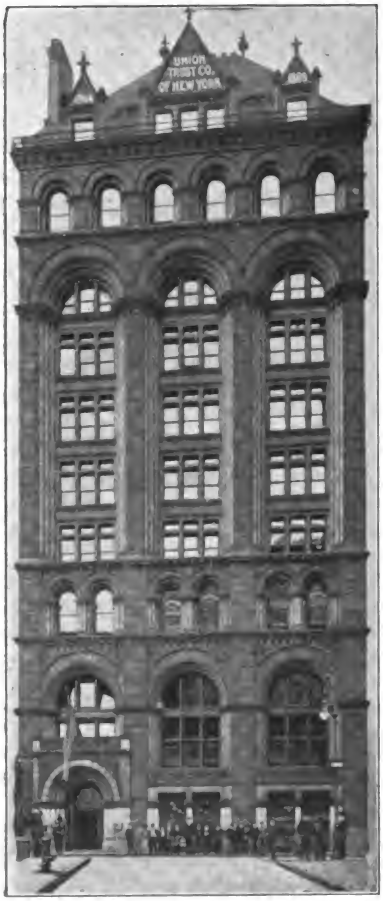
The Union Trust Co. of New York

ONE is apt to think of the trust company, in the modern sense of the term, as being of comparatively recent origin. Yet it is an interesting fact that one such institution, the Union Trust Co. of New York, is now caring for property for the third and fourth generation of those who originally entrusted their property to it. It is also interesting to note that this company, organized and conducted from the start on the most substantial and conservative lines, and fully assured of a place of importance among New York's big banking institutions, is not content with the comfortable security of past attainment, but is constantly reaching out to widen its sphere of usefulness and service.

The Union Trust Co. was organized and began business in 1864, and in the fifty-three years that have ensued it

A bit of Old Broadway, No. 71, corner of Rector Street, occupied for a quarter of a century by the Union Trust Co.

has made but one change in location. For a quarter of a century, from 1864 to 1889, it occupied the ground floor of the old building then standing at the corner of Broadway (No. 71) and Rector Street, opposite Trinity Churchyard. and in 1889 it moved to the bank-



The present Union Trust Co. building, occupied since 1889

ing floor of its own building opposite, No. 80 Broadway, where it has been ever since. Recently, however, the growth of the business required more room, particularly for the trust department, and the corresponding floor of the adjoining Century building has been leased and fitted up for the use of this department as general working quarters.

This company has largely participated in the great increase in banking resources in New York City which has come within the past two years, its total assets having recently passed the hundred million mark for the first time in its history. On December 31, 1916, the resources stood at $100,076,773, as compared with $90,764,822 on December 31, 1915, and $68,658,822 December 24, 1914, representing a gain of over 11 per cent. over 1915 and of nearly 50 per cent. over 1914.

On the former date, at the end of 1916, the deposits stood at $90,807,031, the surplus at $5,971,565, with capital of $3,000,000. The surplus showed a gain in two years of over $1,300,000, in addition to the payment of dividends of 17 per cent. per annum.

While no figures are made public as to the assets of the trust department, its growth has been steady and consistent. In forty out of the fifty-three years the company has been in business the aggregate of property held for personal trusts has shown increases, and since 1900 this aggregate has more than tripled.

Additional facilities have been supplied by adding to its uptown office at 425 Fifth Avenue, corner of Thirty-eighth Street, another office called the Plaza branch, at 786 Fifth Avenue, corner of Sixtieth Street. This was formerly the Plaza Bank, which was taken over by the Union Trust Co. in 1911.

This substantial and solid growth has come about through the agency of a strong board of trustees, representative of the best financial traditions of New York City, and an energetic and capable official board. The former consists of: W. Emlen Roosevelt, Augustus W. Kelley, Charles H. Tweed, William Woodward, John V. B. Thayer, Walter P. Bliss, Frederic deP. Foster, James Gore King, Edwin G. Merrill, M. Orme Wilson, V. Everit Macy, Wm. H. Nichols, Jr., Ernest Iselin, Richard Delafield, Francis M. Weld, J. Y. G.

Walker, James Brown, Cornelius Vanderbilt.

The latter consists of Edwin G. Merrill, president; John V. B. Thayer, J. Y. G. Walker, Henry M. Popham, vice-presidents; Carroll C. Rawlings, vice-president and trust officer; Henry M. Myrick, secretary; Benjamin A. Morton, assistant trust officer; T. W. Hartshorne, D. Alton Rowe, assistant secretaries; W. McMaster Mills, vice-president; and Ernest H. Cook, assistant secretary, in charge of the Plaza Branch, and Charles W. Parsons, assistant secretary, in charge of the Fifth Avenue Branch.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

F. R. Adams, Will Co. National Bank, Joliet, Ill.
American National Bank, Richmond, Va.
D. Ansley, care Central Trust Co., San Antonio, Texas.
Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
O. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
The Bankers Magazine, New York.
H. C. Berger, Marathon County Bank, Wausau, Wis.
E. L. Bickford, cashier, First National Bank, Napa, Cal.
R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
D. R. Branham, 6252 Leland Way, Los Angeles, Cal.
Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
Bank of San Rafael, San Rafael, Cal.
E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
C. W. Beerbower, National Exchange Bank, Roanoke, Va.
H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
The Citizens Bank & Trust Co., Tampa, Fla.
Citizens National Bank, Oconto, Wis.
Commercial Bank, Midway, Kentucky.
Allan Conrad, Box 385, Port Huron, Michigan.
B. S. Cooban, 518 W. 63d Street, Chicago, Ill.
H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
David Craig, Tradesmens National Bank, Philadelphia, Pa.
M. Clarence Crowson, cashier, Home Banking Co., High Point, N. C.
L. S. Critchell, publicity manager, Guaranty Trust Co., New York.
Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
Bradley Currey, c/o Fourth & First National Bank, Nashville, Tenn.
H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
C. M. Davenport, pub. mgr., Citizens Trust & Savings Bank, Los Angeles, Cal.
Dexter Horton National Bank, Seattle, Wash.
T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
J. C. Eberspracher, assistant cashier, First National Bank, Shelbyville, Ill.
A. A. Ekirch, secretary, North Side Savings Bank, New York City.
F. W. Ellsworth, Secretary Guaranty Trust Co., New York.
The Franklin Society, 38 Park Row, N. Y.
E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
First National Bank, Lead, S. D.
H. Gavere, asst. cash. of Scandinavian American Bank, Grand Forks, N. D.
B. P. Gooden, advertising manager, New Netherland Bank, New York.
J. W. Groves, advertising manager, Minnesota Loan & Trust Co., Minneapolis, Minn.
German American Bank, Springfield, Mo.
C. F. Hamsher, First National Bank, Los Gatos, Cal.
Victor F. Hann, manager publicity department The Fifth Avenue Bank, New York City.
J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
D. L. Hardee, publicity manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
W. A. Harper, Lumberman's National Bank, Houston, Tex.
E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
John R. Hill, Barnett National Bank, Jacksonville, Fla.
Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
Charles D. Jarvis, c/o Savings Bank of Utica, New York.
W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

Theodore Jessup, Woodlawn Trust & Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Grover Keyton, New Farley National Bank, Montgomery, Ala.
M. R. Knauft, cashier, Merchants National Bank, St. Paul, Minn.
A. T. Kahn, vice-president, Commercial National Bank, Shreveport, La.
A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
E. G. McWilliam, publicity manager, Security Trust Savings Bank, Los Angeles, Cal.
Ralph H. Mann, Park Trust Co., Worcester, Mass.
Charles S. Marvel, The First-Second Savings & Trust Co., Akron, Ohio.
Dave S. Matthews, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
Publicity Department, St. Louis Union Trust Co., St. Louis, Mo.
J. H. McDowell, c/o American Trust & Banking Co., Chattanooga, Tenn.
Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
A. J. Meyer, Union Trust Company, Rochester, N. Y.
E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.
W. W. Norton, Treas., Robbins Burrall Trust Co., Lakeville, Conn.
Old State National Bank, Evansville, Ind.
J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
R. B. Parish, Cashier Bluefield Bank, Bluefield, W. Va.
John Poole, president, Federal National Bank, Washington, D. C.
A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
John W. Pratt, Real Estate Officer, The Kennett Trust Co., Kennett Square, Pa.
Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
W. W. Russell, cashier, First National Bank, White River Junction, Vt.
George J. Schaller, cashier, Citizens National Bank, Storm Lake, Iowa.
Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
George W. Shepherd, c/o International Trust Co., Boston.
E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
Sioux City Trust & Sav. Bank, Ben W. Frieden, cashier, Sioux City, Iowa.
T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
A. C. Smith, Vice President, City National Bank, Clinton, Iowa.
J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
F. E. Stewart, secretary and treasurer, Commercial Savings Bank & Trust Co., Toledo, Ohio.
T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
J. C. Stover, secretary-treasurer, Indiana Savings & Loan Assn., South Bend, Ind.
C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
Union Trust Co. of D. C., Washington, D. C.
Miss M. I. Van Name, 515 Stephen Girard Bldg., Philadelphia, Pa.
F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
John W. Wadden, Lake County Bank, Madison, S. D.
Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
J. E. Williams, assistant cashier, Third National Bank, Scranton, Pa.
C. C. Wilson, c/o Continental & Commercial Trust & Savings Bank, Chicago, Ill.
Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Kankakee County Trust & Savings Bank, Kankakee, Ill.
Farmers' and Mechanics' National Bank, Philadelphia.
G. C. Muirhead, Vice-President, The Stock Growers State Bank, Worland, Wyo.

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Banking and Financial Notes

SEABORG GOES WITH MERCANTILE BANK OF AMERICAS

Joseph A. Seaborg, formerly with the Bankers Trust Co., and who for the past two years has been president of New York Chapter, American Institute of Banking, has become associated with the Mercantile Bank of the Americas.

JOSEPH A. SEABORG
Mercantile Bank of Americas, New York City

Mr. Seaborg was recently nominated by New York Chapter as a candidate for the Executive Council of the American Institute of Banking. Under his leadership the educational work of New York Chapter has attained its present high standard. The support of the bankers is largely due to the untiring efforts of Mr. Seaborg, and the excellent educational program which his administration established.

Mr. Seaborg is well known throughout the Institute and his many friends are glad to hear of this opportunity that has come to him.

GUARANTY TRUST COMPANY'S STATEMENT

The last statement of the Guaranty Trust Co. of New York was issued March 17, 1917. This statement as compared with the one issued February 28, 1916, shows a gain in deposits of over $4,799,000 and in total resources a gain of over $8,450,000. At the

present time the bank has total resources of $580,021,359.17 and deposits of $470,194,816.46. The bank has a capital of $20,000,000 and a surplus fund of the same amount.

FINANCIAL STATUS BOOK OF INSULAR POSSESSIONS AND CUBA

Harvey Fisk and Sons, 62 Cedar Street, New York, have prepared for free distribution a book entitled "Insular Possessions of the United States: Republic of Cuba." The book gives brief historical and descriptive sketches of Hawaii, the Philippine Islands, and Porto Rico, and the Republic of Cuba. It treats also of the currency, bonded debt, income and expenditure, and similar topics.

CHASE NATIONAL PLANS A SECURITY COMPANY

The Chase National Bank of New York will soon form the Chase Security Company along the general lines followed by the First National in organizing the First Security Company and the National City Bank in the National City Company. Its purpose will be to supplement the work of the bank by performing functions and holding investments not permitted a national bank.

It was reported that application had been made to John Skelton Williams, Controller of the Currency, for permission to form the new company, but it will be organized under the laws of New York State. It is expected that the security company will have the same capitalization as the bank, and that its shares will be offered at par to holders of the bank stock.

HANOVER NATIONAL BANK STATEMENT

At the close of business March 5, 1917, the Hanover National Bank of New York showed total deposits of $199,645,550.81 and total assets of $222,431,372.82. The bank has a paid-in capital stock of $3,000,000 and a surplus fund of $14,000,000.

NEW NATION'S EXCHANGE NATIONAL BANK

A new institution known as the Nation's Exchange National Bank will soon be opened for business in New York. The bank will have a capitalization of $2,000,000 and will specialize in commercial business, special attention being paid to the financing of import

and export transactions. Active in the movement of forming the new bank is E. D. Fisher, who was formerly with the Brooklyn Trust Company and organized the Flatbush Trust Company of Brooklyn.

NEW BANKING INSTITUTION

The John Nemeth State Bank, located at 395 Broadway, New York, was recently opened for business. The new bank has a capital and surplus of $125,000. The officers of the institution are: John Nemeth, president; Karl Schenk, vice-president and cashier; John Nemeth, Jr., vice-president; J. S. Lederer, secretary, and Rudolph Stein, assistant cashier.

CHANGE IN LIBERTY NATIONAL BANK OF NEW YORK

Francis T. Boyd, who was formerly connected with the Liberty National Bank's new business department, has been chosen assistant to the president, Harvey D. Gibson.

ARTICLE ON BANK PLANNING

The March number of "The Hoggson Magazine" contains a very interesting article on scientific planning in the modern commercial building, particularly the bank building. "The increasing value of floor space in the business sections of our cities," says the article, "produces a demand for the better utilization of the space available."

ORGANIZE NEW TRUST COMPANY IN NEW YORK

Announcement has been made of the organization of the Mercantile Trust and Deposit Company, New York, with a capital stock of $1,000,000 and a surplus of $500,000. The new institution expects to open its doors for business some time about May 1. The personnel of its directorate will be drawn from

the younger group of important bankers and leading men in other lines of business.

The new company will be located at 115 Broadway, having taken the offices on the ground floor over the Mercantile Safe Deposit Company. Chellis A. Austin, now vice-president of the Columbia Trust Company, will resign from that institution to become president of the new company.

The following will serve as directors: Chellis A. Austin, Elliott Averett, Edward J. Barber, Henry S. Bowers, Frank N. B. Close, Delos W. Cooke, Coleman du Pont, C. G. Du Bois, Frederick F. Fitzpatrick, Harvey D. Gibson, William Giblin, Thomas Hildt, Alfred R. Horr, Herbert P. Howell, N. D. Jay, James W. Johnston, Bertram Lord, Elgood C. Lufkin, John McHugh, Theodore F. Morseles, Albert G. Milbank, Samuel H. Miller, Sherburne Prescott, Jackson E. Reynolds and Charles S. Sargent, Jr.

MERGER OF THE ASTOR AND BANKERS TRUST COMPANIES

Approval has been given by the State Banking Department to a merger of the Bankers Trust Company and the Astor Trust Company of New York. The Astor Trust Company, which is about to move into new quarters at 42nd Street and Fifth Avenue, will hereafter be operated as the Astor Branch of the Bankers.

It is understood that the plan of consolidation does not contemplate any immediate increase of the combined capital of the two trust companies. Bankers Trust Company stock to the amount of $1,250,000 will be issued in exchange for the $1,250,000 stock of the Astor Trust Company after a special dividend has been paid by the Bankers to its own stockholders to equalize the book values of the stocks of the two concerns. A committee has been approprinted to appaise the assets of the two companies and to determine exactly what the difference is between the book values of the two stocks, and, hence, what the special dividend will be. It will probably be found to approximate $20 a share, making a total disbursement to the stockholders of the Bankers of about $2,000,000. On Feb. 28 the capital of the Bankers Trust Company was $10,000,000, its surplus was $10,000,000, and its undivided profits were $6,731,613; on the same date, the Astor Trust Company had capital $1,250,000, surplus $1,250,000, and undivided profits $602,471. Assuming that the special dividend to equalize the book values amounts to $2,000,000, the Bankers Trust Company, after the consolidation is effected, will have capital $11,250,000; surplus, $11,250,000; undivided profits $6,334,084; total, $27,834,084.

The deposits of the combined institutions will be considerably in excess of $300,000,000. The earnings of both companies for the past several years have shown a steady increase. The Bankers has been paying an annual dividend of twenty per cent. since 1913; the Astor paid an annual dividend of eight per cent. in 1913 and 1914 and sixteen per cent. in 1915 and 1916. Ever since the formation of the Astor Trust Company, it has had many directors in common with the Bankers Trust Company, and all directors of the Astor have been invited to become members of the board of the Bankers.

The merger will give the Bankers Trust Company an uptown branch in a new and thoroughly modern building at the southeast corner of Fifth Avenue and 42d Street, opposite the New York Library and central to the uptown shopping and wholesale district. The banking room, which was designed especially for the use of the Astor Trust Company, and which will be ready for occupancy about May 1, is to be one of the finest banking homes in New York.

UNION BANK OF CANADA ESTABLISHES NEW YORK AGENCY

Permission has been granted by the State Banking Department for the establishment of an agency of the Union Bank of Canada at 49 Wall Street, New York. George Wilson has been appointed agent.

STATEMENT OF THE NATIONAL BANK OF COMMERCE

The National Bank of Commerce in New York in its statement of condition as of March 5 shows the following figures:

RESOURCES

Loans and discounts	$230,419,346.10
Bonds, securities, etc.	27,511,390.14
Banking house	2,000,000.00
Due from banks and bankers	14,650,202.63
Cash, exchanges and due from Federal Reserve Bank	80,660,429.88
Customers' liability under letters of credit, acceptances, etc.	29,669,876.96
Interest accrued	755,590.12
	$385,666,835.83

LIABILITIES

Capital, surplus and undivided profits	$44,463,895.68
Deposits	310,309,823.46
National bank notes outstanding	155,000.00
Letters of credit and acceptances	24,864,513.95
Unearned discount	911,767.29
Other liabilities	4,961,835.45
	$385,666,835.83

CHANGE IN BOSTON BANK

Howard Norton has been elected an assistant secretary of the International Trust Company. Formerly Mr. Norton served the bank in the position of auditor for several years.

CHANGES IN WORCESTER FIVE CENTS SAVINGS BANK

At the quarterly meeting of the trustees of the Worcester Five Cents Savings Bank, Worcester, Mass., held March 19, 1917, Frederick B. Washburn, the treasurer, formerly Savings Bank Commissioner of Massachusetts, was elected president to fill the vacancy caused by the death of the former president, J. Stewart Brown. Myron F. Converse, assistant treasurer, was elect-

ed treasurer, and Harrison G. Taylor was elected assistant treasurer.

CHANGE IN METACOMET NATIONAL BANK

Frank H. Borden, assistant cashier of the Metacomet National Bank, Fall River, Massachusetts, was recently elected cashier of that institution. Mr. Borden is a native of Fall River and twenty-nine years ago entered the service of the bank at the time when his father was cashier. He started in as messenger and has risen through all the grades of collection clerk, bookkeeper, receiving and paying teller and assistant cashier. Mr. Borden follows as cashier Charles B. Cook, who retired to take the position of assessor of taxes and carries with him the best wishes and congratulations of his wide circle of friends and acquaintances.

FREIGHT SHORTAGE AFFECTS PITTSBURGH

The People's National Bank, Pittsburgh, Pennsylvania, reports that at one time in February industrial operations in the Pittsburgh district were about twenty per cent. under the estimated average of one year ago.

The largest shrinkage was in coal mining, which fell to about one-half the average of a year ago. Coke production declined thirty per cent., as compared with last year's maximum, and pig iron output was at one time off twenty-four per cent. These three items, which furnish the bulk of the tonnage of the district, are interdependent; when one is active all are active, and vice versa. The shrinkage in output last month was due largely to inadequate transportation facilities, although shortage of labor in coal mining was a factor.

Within the Pittsburgh territory outbound shipments of finished material, as well as inbound shipments of raw material were affected by conditions in the east. The local situation was temporarily aggravated by zero weather which closed the Monongahela and upper Ohio rivers to navigation, and seriously hampered railroad operations. A large coal tonnage is carried by boat direct from mine to industrial plants located on the rivers, and when this avenue was temporarily closed by ice and low water, some of the mills attempted to obtain fuel supplies by rail, regardless of cost, in order to avert a complete shutdown. As high as $7 a ton is said to have been paid for carlots of coal, and rail shipments were made from West Virginia to industrial consumers here who owned mines adjacent to mill and furnace which could not be operated because river navigation had been closed. Thus the local situation was greatly aggravated, both as regards rail transportation and the fuel market.

AMERICA'S FINANCIAL PREPAREDNESS

The First National Bank of Philadelphia in its March business and financial letter devotes considerable space to the subject of patriotism. At the same time it discusses in a concise and clear manner the present financial situation. According to the letter:

The twelve federal reserve banks have assembled about $800,000,000 of gold. The country's 7,500 national banks on December 27 last reported $995,184,000 larger reserves than the law required. The banks generally have not only ample reserves, but liquid loans which can be easily utilized for rediscount at the Federal Reserve Banks. Bankers have had the war hazard clearly in mind in managing their affairs for many months past. The consequence is that large and small institutions everywhere are in an exceptionally strong position. This means that they are able to meet almost any situation which may arise in connection with this government's relation to the European war. The situation is full of interesting possibilities which cannot be forecasted in advance of international developments. We are still serving as banker for the rest of the world and conducting extraordinary operations with foreign borrowers. These operations are likely to continue for some time to come, whether war results or not.

UNION NATIONAL ANNOUNCES PROMOTIONS

O. Stuart White, manager of the credit department of the Union National Bank of Philadelphia, Pennsylvania, has been elected assistant cashier. At the same time Fredericks Fairland has been appointed an assistant cashier. Mr. White will continue to have charge of the credit department and Mr. Fairland will have charge of the office force of the bank.

WALKER SCOTT ELECTED VICE-PRESIDENT OF VIRGINIA TRUST COMPANY

Walker Scott, since 1911 secretary of the Virginia Bankers Association, and since 1908 cashier of the Planters Bank of Farmville, Va., has been elected vice-president of the Virginia Trust Company of Richmond, Va. Mr. Scott will assume his new duties on May 1.

Mr. Scott first entered the banking field in 1898 as bookkeeper in the Planters Bank. In 1906 he was made an assistant cashier and in 1908 was elected cashier, which position he now resigns.

The high regard with which Mr. Scott is held in Virginia banking circles is shown by the following editorial which appeared in the Richmond News-Leader, following the announcement of his election:

Walker Scott, newly-elected vice-president of the Virginia Trust Company, will be a most welcome accession

to the ranks of the banking fraternity in Richmond. He is an unusual man, in ability and usefulness; and in his relation to the State Bankers Association he occupies a most unique position. How long he has been secretary of that body we shall not say (for Mr. Scott is still of an age that does not come under suspicion), but we must admit he has had only two predecessors in office. In fact, he has given so much attention to the work of the association and has become so indispensable in its conduct that the State Bankers Association without Walker Scott would be like a pacifists' convention without Bryan. The excellent programs of the association, its genuine service to the bankers of the state, its constructive labors for Virginia and its orderly publications are, in large measure, to be credited to Mr. Scott. We trust his coming to Richmond will not in anywise interfere with his continuance in office.

RICHMOND BANK RETURNS

Showing an increase in every department of the bank statement, except loans and discounts, the reports of the Richmond banks in response to the call of the Comptroller of the Currency of March 5 was more satisfactory than the report of December 27, 1916, the previous call. Loans and discounts showed a decline from $82,969,293, to $80,505,863. At the same time the last call showed an increase of $13,380,905 over the call of March 7, 1916.

Between the last two calls the total assets of the banks increased from $107,191,176 to $107,300,659, and during the year the assets increased $22,285,853.

Between the last two calls the deposits increased $1,188,645, and during the year there was an increase of $21,856,151. The total deposits of all the banks of Richmond on the call of March 5 was $82,131,239.

From September 12, 1916, to the call of March 5 the deposits in the banks and trust companies of Richmond showed the following increases:

American National Bank, from $8,691,987.11 to $11,157,956.82; First Na-

tional Bank, from $18,238,689.33 to $21,210,298.40; Planters National Bank, from $8,260,275.22 to $9,062,531.41; Central National Bank, from $982,346.79 to $1,171,665.10; National State and City Bank, from $8,199,973.76 to $9,946,673.25; Merchants National Bank, from $11,385,230.46 to $14,005,409.20; Broadway National Bank, from $442,251.10 to $605,606.27; Manchester National Bank, from $401,546.98 to $414,671.67; Broad Street Bank, from $1,770,294.17 to $1,820,981.70; Bank of Commerce and Trusts, from $1,548,855.80 to $1,614,503.05; Union Bank, from $1,200,237.06 to $1,212,840.61; Richmond Bank and Trust Company, from $851,759.15 to $821,707.33; Church Hill Bank, from $689,277.84 to $754,119.93; Richmond Trust and Savings Company, from $1,170,629.15 to $1,194,451.18; Savings Bank of Richmond, from $1,475,285.75 to $1,728,942.94; Mechanics and Merchants Bank, from $791,272.33 to $876,627.46; Virginia Trust Company, from $2,231,239.12 to $2,836,936.04; Old Dominion Trust Company, from $1,481,469.14 to $1,438,064.89, and West End Bank, from $233,047.81 to $237,079.33.

RICHMOND BANK WELL PREPARED

Officers and clerks of the First National Bank of Richmond have organized into a military company and are daily drilling on the roof of the twenty-two story bank building. It is the first organization of the kind to be established in this city.

The following is a list of the men in the company:

J. A. Amrhein, J. M. Applegate, T. C. Armstrong, Avery, H. H. Augustine, C. M. Bache, J. M. Ball, Jr., G. H. Bates, S. E. Bates, Jr., N. E. Beall, R. F. Berkeley, H. W. Butler,, C. M. Bridges, G. C. Carrington, C. B. Carter, J. N. Christian, E. P. Conrad, Sam Crane, Crowe,

Officers and Clerks of the First National Bank of Richmond, Drilling on the Roof of the Twenty-two Story Bank Building, in Preparation for Service in the Event of War

E. S. Curry, Marion Crump, R. L. Figg, Daniel Dinnegan, J. P. Fitzgerald, W. H. Gordon, John S. Haw, R. E. Hotze. Jr., W. C. Lord, D. W. Leary, F. G. Laine, B. V. LeCompte, Lohmam, E. C. Luck, R. I. Morton, L. G. Miller, E. C. Minor, J. H. Nowlan, J. M. Nowlan, A. K. Parker, R. D. Pitt, J. H. Pleasants, J. D. Pretlow, R. G. Pollard, Simpson, Edward Sheehy, F. W. Skinner, L. E. Smith, Thomas Swan, A. C. Thomas, Harry Thompson, S. McG. Turner, J. E. Tyler, Jr., C. S. Trevvett, W. W. Walthall, J. M. Wharton, B. J. Woodward, O. S. Woodward.

BANK CLEARINGS IN RICHMOND

Clearings of the Richmond banks for the week ending March 17 amounted to $21,527,375, and for the corresponding week last year $14,646,167, an increase of $6,881,208, or more than a million a day increase.

For the month up to and including March 17 the clearings amounted to $53,583,294, and for the corresponding dates last year, $37,192,639, an increase of $16,390,655.

The banking business of Richmond was never more satisfactory and it reflects the excellent business conditions that obtain in the Fifth Reserve District.

CHANGE IN NEWPORT NEWS BANK

At a meeting of the board of directors of the Citizens and Marine Bank of Newport News, Va., W. B. Vest was elected president to fill the vacancy caused by the death of the president, George B. West. The position of cashier was not filled and the duties of this office were divided between the president and the assistant cashier, R. W. Reed.

NEW TEXAS BANK

The Guardian Trust Company is now being organized in Houston, Texas, with a capital of $200,000 and a surplus of $50,000. The new organization will have as its president James A. Baker, president of the South Texas Commercial National Bank of Houston, and senior member of the law firm of Baker, Botts, Parker & Garwood. Other officers will be: E. B. Parker, first vice-president; C. M. Malone, vice-president and manager; Guy M. Bryan, vice-president; H. S. Fox, Jr., vice-president; R. Neilson, secretary and treasurer and Baker, Botts, Parker & Garwood, general attorneys.

THE BUSINESS SITUATION IN DETROIT

Detroit's business suffered only a slight shock, according to "The De-

troit Review," as a result of the international developments during the early part of February.

No positive ill effect resulted and the feeling of uncertainty that naturally followed the severance of relations with Germany was only temporary. The month closed with all branches of business at a normal level and a generally healthy condition prevailing. Almost without exception it was said that war would tend to stimulate the industry and that the status of labor would not be adversely affected. Confidence was expressed that the demand for motor vehicles would increase and that the numerous automobile plants would also be looked to for munitions production on a tremendous scale.

Bankers adopted a very liberal attitude. A slight tendency toward shortening commitments along some lines was noticeable. There was no apparent desire on the part of the banks to restrict operations or to take an arbitrary position. This also indicated that the condition had been materially discounted. The general attitude was in sharp contrast to that of the early stage of the war and reflected a condition of stability and certainty in banking.

CENTRAL MANUFACTURING DISTRICT BANK TO ELECT NEW OFFICERS

Wm. N. Jarnagin has been elected president of the Central Manufacturing District Bank of Chicago, succeeding M. A. Traylor, president of the Live Stock Exchange National Bank, who has been acting as president of the District Bank since the resignation of President Payne.

Mr. Jarnagin comes from the National City Bank of Chicago where he has served as assistant cashier for the past seven years. Mr. Jarnagin was born and reared in Tennessee, and has been identified with the banking business for many years. He began his banking work with the National City Bank of New York, serving in all of

the important departments of that institution, and traveling in various parts of the country on bank business. In this work he gained a thorough knowledge of the fundamentals of banking.

When the Monroe National Bank of Chicago was organized, Mr. Vanderlip, president of the National City Bank of New York, then being interested in the Monroe Bank, sent Mr. Jarnagin to Chicago and he was made assistant cashier. Later he resigned this position to accept similar work with the Hamilton National Bank. When this latter bank was absorbed by the National City Bank of Chicago, Mr. Jarnagin came to the National City Bank as assistant cashier, which position he has held since that time.

Mr. Jarnagin resides at the Illinois Athletic Club; is also a member of the Press Club of Chicago; the Chicago Yacht Club, the Bankers' Club of Chicago, and the New York Southern Society. Mr. Jarnagin has a splendid record, not only as a conservative banker, but particularly as a successful new business getter. It is expected that his work along this line supplementing that of Mr. Gorby and Mr. Webb, will result in materially increased business for the bank.

John W. Gorby, formerly cashier of the District Bank, has been elected as one of the vice-presidents of the institution. Since his connection with the bank, his work has been productive of very large increase in deposits, and he expresses his ambition to be that the District Bank may soon reach the five million mark.

WILLIAM N. JARNAGIN
President Central Manufacturing District Bank, Chicago, Ill.

Frank L. Webb, formerly assistant cashier of the District Bank, has been promoted to the position of cashier in

recognition of his active and conscientious work while with the bank.

NEW SYSTEM TO AID EMPLOYEES

Plans for coöperative buying to aid employees were recently completed by the First National Bank of Chicago. As to the exact comprehensiveness of the system, it cannot now be stated, although it is certain that it will aid materially in making the bank man's dollar come nearer to doing the work that one hundred cents did before the war. The plan has official sanction behind it and is another instance of the fact that the interest which the bank takes in its employees is real and personal.

CHICAGO BUSINESS SITUATION

During the past month there was a slight falling off in retail merchandising volumes, a catching up of manufacturers, and a delay in the movement of wheat as reported by the National Bank of the Republic in its monthly review of business conditions. Wholesale and retail buyers are showing much less disposition to overstock than formerly. Generally speaking, present stocks of goods carried by retail merchants are far from excessive, as the actual scarcity of many classes of goods, slow and incomplete deliveries on the part of manufacturers and wholesalers, and the delays incident to the railroad freight situation have tended to correct what might otherwise have resulted in a dangerous overstocking of goods at their current high scale of values.

With few exceptions, manufacturers have begun to catch up with orders and the comparative lull in new buying during the past month was a not unwelcome development. In a few industries, notably steel manufacturing and shipbuilding, orders are keeping far in ad-

vance of output. What was at first only a question of the car supply and the restriction of exports by reason of the submarine peril, was later aggravated by railroad embargoes, with the result that the grain rapidly accumulated at shipping points. The difficulty of getting grain to seaboard for export has caused no little annoyance and expense. Not being able to ship the wheat already bought it is not surprising that exporters have been temporarily out of the market.

FORT DEARBORN NATIONAL INCREASES CAPITAL

Recently the capital stock of the Fort Dearborn National Bank of Chicago was increased by vote of the stockholders from $2,000,000 to $3,000,000. The privilege is given to the shareholders of subscribing to the new stock at $150 per share.

THE NATIONAL CITY BANK DISCUSSES HIGH COST OF LIVING

Among other things the high cost of living is discussed thoroughly in the March financial letter of the National City Bank, Chicago, Ill. The high cost of living, the bank contends, has come to be a serious matter. Up to this time it has been effective only upon a certain class of the population, but a point has been reached where each successive advance in food prices is likely to provoke resentment among the masses. A good deal of foolish talk has been indulged in concerning the real cause for these advances. It can be explained naturally by the extraordinary reduction in the world's wheat crop as disclosed by the official figures given out by the International Institute of Agriculture at Rome, which reported a twenty-five per cent. decrease for all countries. The hope is that the

next crop will not be as deficient, for reserve supplies are so low as to suggest genuine suffering if further disaster should be encountered in the grain area. More efficient methods of distribution may relieve the retail situation in some cities if the recommendations of the public commissions that have been studying the problem are acted upon favorably. The freight congestion has had a good deal to do with the recent advance in the price of those foodstuffs which enter into every day consumption. There is unquestioned basis for the assertion that the household dollar will purchase to-day much less of foodstuffs than at any time within the last generation. These complications are also directly related to the world war and the devastation which it has caused, but living expenses are now at such an exorbitant level as to indicate that it may take several bountiful harvests to get them back to the basis prevailing before the war began.

FIDELITY TRUST COMPANY PENSIONS EMPLOYEES

The Fidelity Trust Company has announced a system of pensions which is one of the most liberal in this part of the country. It is the work of H. C. Flower, president of the company, and was approved recently by the board of directors.

Men in the service may retire under pension at sixty, and must retire at sixty-five; women may at fifty, and must at fifty-five. From the time of voluntary or enforced retirement, an employee will be pensioned throughout the rest of life.

The amount of pension is determined as follows: Two per cent. of the average salary for three years immediately preceding retirement is multiplied by the number of years of service in the company, the maximum to be not more than fifty per cent. of the annual salary. The pension will be paid even if the employee engages in work after retirement, provided the position assumed is not such as to reflect upon the name of the bank or is not otherwise undesirable in the judgment of the board of directors.

SAYS COUNTRY IS HAVING GREAT SAVING ERA

M. E. Holderness, president of the Financial Advertisers' Association and manager of the savings department of the Third National Bank, addressed St. Louis Chapter of the American Institute of Banking at Carnegie Library last month on the subject of "Saving."

He showed that there are fourteen nations ranging from two to five hundred per cent. ahead of the United States in the number of saving deposits per thousand of population, but said it is a fact that the United States' greatest era of savings has been during the past two years and that the lesson of thrift being taught now, as never before, will rapidly advance this country among the savers of the world.

"PETROLEUM AND FINANCE"

R. S. Hawes, vice-president of the Third National Bank, addressed the Western Jobbers' Association at the Planters' Hotel March 22, on the subject of "Petroleum and Finance."

He traced the history of oil from Plutarch's time down to the present day, told of the domestic, civil and military

eras of oil, and enlarged upon petroleum in its various forms as a great modern commercial factor. His address was interspersed with interesting stories of oil industries, speculations, and references to the life history of a number of oil pioneers, as well as men whose names have more recently been prominently connected with the oil industry.

In connection with the present world conditions, his statement that the merchant marine alone, if operated on an oil basis, would use 600 million barrels of oil annually, and the world navy an additional seventy-five million barrels, was very interesting. The requirement of a total of 675 million barrels of fuel oil for marine activities alone is a stupendous thought, particularly when the present tendency is decidedly toward that end.

The course of Mr. Hawes' remarks showed that bankers have been closely allied with the development of oil industries ever since their incipiency. He said that loans on oil productions have found their place among conservative bankers and are regarded as excellent risks. According to his statement, the Federal Reserve Board has recognized loans of this character by offering to accept oil in tanks on the same collateral basis as loans secured by wheat, cotton and corn.

Mr. Hawes told the oil men that their industry had a right to demand pecuniary assistance from the bankers of America, and he said it was up to the bankers to set aside their conservatism and exercise great energy in the development of this industry. He stated that St. Louis had awakened to the opportunities offered in the development of the oil fields which lie adjacent, and that the oil industry will not very much longer be compelled to go East for financial assistance, because St. Louis is destined to be one of the great oil financial centers of America.

Mr. Hawes coupled up business, the love of home and the love of country together, and made a stirring appeal to patriotism which was in harmony with his address.

CHANGE IN MERCANTILE TRUST

R. K. Kaufman has been elected a director and vice-president of the Mercantile Trust Company of St. Louis. Mr. Kaufman was formerly connected with this institution for some time but resigned to go East.

PASSES BILL TO PREVENT CHECK FRAUDS

The General Assembly of the State of Missouri has passed a bill to prevent the drawing, delivering or uttering of a check, draft or order with intent to defraud and defining a punishment therefor. This act is now before the governor for his signature and will undoubtedly become a law.

R. S. Hawes of the Third National Bank of St. Louis and his brother, Harry Hawes of the General Assembly, who championed the bill on the floor, have been factors in this constructive legislation.

AKRON BANK LOSES CASHIER

L. D. Brown, cashier of the First-Second National Bank, Akron, Ohio, has tendered his resignation to become treasurer of the B. F. Goodrich Company. Mr. Brown was born at Hor-

LORENZO D. BROWN
Former Cashier of the First-Second National Bank, Akron, Ohio

nellsville, N. Y., on December 28, 1874, and moved to Akron when a small boy. At the age of sixteen he started to work for the bank and was promoted through all the different departments, attaining the position of cashier. Acting in this capacity he held a valuable knowledge of banking in all its phases. In his management of the institution Mr. Brown was most successful and had the pleasure of watching it grow from a small bank to an institution having about $14,000,000 in deposits. His loss is keenly felt and, as yet, there has been no selection of his successor. At the time that he tendered his resignation a tribute was presented to him written by Jane B. Bowman, one of the employees of the bank, which we reprint as follows:

TO MR. L. D. BROWN

A Tribute

Some five and twenty years ago
 You came to work for us
In just your usual quiet way
 No swaggering or fuss

You did the work you had to do
 And looked around for more
Not just content to know your job
 But what the job stood for.

Your rise was rapid, though to you
 It probably seemed but slow
And through the years, you seemed to have
 One end and aim—to know—

The thousand questions which come up
 In any sort of work
Those unrelated business facts
 Which most men try to shirk

That first hand knowledge of details
 Someone is sure to need
You had at tongue's end. All your work
 Seemed measured to the creed

I must know not alone my own
 But other fellows, too,
This bank must have no sort of work
 I have not tried to do.

Success means many different things
 To many different men
It came to you, unrecognized,
 The very moment when

A fruitless search through records made
 In vaults, upstairs and down
Someone must tell the boss, who said,
 "Why don't you go ask Brown?"

And through it all, you've had the gift
Of really making friends,
Not just the business friendship, which
The business over, ends

But every man who knows you well
Has liking and respect
He knows it matters not to you,
Position—standing—sect—

You have a friendly word and smile,
A helpful hand, perhaps,
If some man in his business deals
Has grown a little lax,

For all our customers, and they
Will miss your kindly face
While we—It is not possible
That we can fill your place.

Your management of our affairs,
Conservative and yet
Progressive in its highest sense,
Each problem seen and met

With judgment, quiet, sound and keen,
An outlook, fair and just,
Has measured our success and when
We check our growth, we must

Attribute to your help the praise
And credit that is due
A generous share of our success,
We owe direct to you.

We feel we can not let you go
And you will always find
Your place with us intact if you
Should ever change your mind.

Perhaps some day, in years to come
The banking game will call
And once again you'll care to try
Your fortune with us all.

PHOENIX BANK CELEBRATES ITS TWENTY-FIFTH ANNIVERSARY

Last month the Phoenix National Bank, Phoenix, Arizona, celebrated its twenty-fifth anniversary, having been founded at a time when the Salt River Valley was only a land of promise and when Arizona was little more than an arid prairie. James A. Fleming, who was born in Indiana County, Pennsylvania, and having amassed a small fortune took residence in Phoenix, was the founder and first president of the bank. On March 12, 1892, he and several other men started the Phoenix National Bank, which was capitalized at $100,000. The stockholders of the Phoenix National Bank are owners of the Phoenix Savings Bank and Trust Company, which commenced business in 1911 with a capitalization of $100,000. At the close of business March 5, 1917, the Savings Bank and Trust Company had deposits of $1,276,679.71 and total assets of $1,479,333.46, while the Phoenix National Bank had deposits of $3,325,857, and total assets of $3,827,337.15. The consolidated statement of the National Bank and the Savings and Trust Company shows deposits of $4,602,536.71 and total resources of $5,306,670.61 H. J. McClung is president of both institutions and M. C. McDougall, T. E. Pollock and H. D. Marshall are the vice-presidents of both.

CHANGE IN LEWISTOWN BANK

The directors of the Bank of Fergus County, Lewistown, Montana, have announced the following changes in the official staff of the bank: J. E. Woodard, formerly cashier, is elected president and P. J. Osweiler is elected cashier.

1916 SAN FRANCISCO CLEARING HOUSE RECORDS

New high records in each instance were established by the San Francisco clearing house for 1916 in the figures given out by the American National Bank in its last financial letter. The statement is as follows:

Daily average clearings.......	$11,599,541
Largest clearings one day....	20,209,940
Largest clearings one week....	96,940,807
Largest clearings one month...	360,537,957
Total clearings for year......	3,479,862,482

ANNUAL REPORT NATIONAL TRUST COMPANY, LTD.

In an attractive pamphlet the National Trust Company, Limited, with head offices in Toronto, Canada, has given the general statement for the year 1916, the report of the board of directors, and the proceedings of the nineteenth annual general meeting. At the present time the assets are $69,197,054.61, which is an increase of practically $10,000,000 for the elapsed twelve months. The capital stock and reserve fund is $1,500,000 each and deposits are $7,371,097.57.

BANK OF OTTAWA REPORT

The Bank of Ottawa has issued its forty-second annual report, which shows total assets of $56,909,088.56. This compares favorably with the report issued in 1915 which shows $55,329,826.12. The deposits in 1915 were $41,869,627.66, while in 1916 they were $42,864,123.47. The bank was established in 1847 and has an authorized capital of $5,000,000, of which $4,000,000 is paid in.

"I haven't done a day's work in two years."

"You ought to be ashamed of yourself."

"Oh, no; I'm night watch in a bank."

—*Gargoyle.*

Banks—Is young Featherly a responsible sort of person?

Brokes—Yes, he's responsible for most of the mistakes in our department.

—*Awgwan.*

ROBERT MORRIS JAY COOKE

Three Philadelphians who Rendered Distinguished Financial Services to America

PHILADELPHIA

The World's Greatest Workshop

CORRECTLY to appraise the forces that dominate and determine the growth of cities is no easy task. Communities often trace their prosperity to its source and apportion a due share of it to geographical situation, proximity to raw materials of manufacture, harbor facilities, and the like. Important as all these and other factors undoubtedly are, has not their value been often overestimated? Great cities grow up with no harbors, with few raw materials in their neighborhood, and seemingly lacking most of the elements to which unusual development is commonly attributed. On the other hand, one may readily call to mind cities possessed of every conceivable natural advantage, and yet wofully lagging in the race of progress.

From this, may it not be safely concluded that natural advantages must be supplemented by something else, of equal or greater weight in the scale, if a city is to take its place well to the front in industry, commerce, banking and the still greater purpose of all civic organizations—"the care and culture of men?"

In the conduct of individual enterprise, it is the human element that counts, and what is a city but a vast aggregation of individual undertakings?

In endeavoring to form some estimate of the factors that have

Independence Hall

made the City of Philadelphia one of the great—if not actually the greatest—industrial municipal centers of the world, one must concede at the outset that location has done much—that a vast water-course connecting with the sea offers rare facilities for sea-borne commerce; that convenient access to populous markets renders the distribution of manufactures easy; that many of the elements entering into the making of products of various kinds are near at hand—in short, that all the natural factors exist in superabundance.

But to all these there is added something else—the character and spirit of the people.

Upon this great industrial community has been indelibly impressed the character of great men.

First, what inspiring memories are here inciting to love of country! The American, distracted by sectional pride, by antagonisms of old-world races and nationalities, finds here the very birthplace of the Republic, and takes fresh devotion to its institutions from the stirring deeds and lofty patriotism of the men of Seventy-six. Living amid such surroundings, the people of the city are first of all intensely patriotic. They believe in America first. They believe in it last. They believe in it always. These are not to them mere idle phrases begotten of the emotions of the times. They are senti-

The Commercial Museum

ments and feelings ingrained into their very lives, existent from earliest childhood and always present.

And the very origin of the city recalls a glorious epoch in human history—the struggle for freedom of conscience, of which William Penn, the illustrious founder of Philadelphia, was a vigorous and effective champion. His convictions on this matter were not lightly held. Early in life he began associating with those of the Quaker faith—a course from which his father sought to dissuade him "both by words and blows." He was turned out of his home, and later in an attempt to enamor him of the attractions of the world was sent to France; but soon after his return to England, he renewed his religious associations, and was thrust into prison; but he did not flinch. His letters at that time, addressed to the Earl of Orrery and Lord Arlington, are strong and dignified pleas for religious liberty. When the territory which later was called Pennsylvania was granted him by King Charles Second, and when in the course of time he came to frame a system of government for the colony, he incorporated into the Constitution the principle for which he had so long

The United States Mint

Widener Building, Home of the Philadelphia Chamber of Commerce

contended and for which he had sacrificed and suffered much. His letter to the Indians, written from London in 1681, breathes justice and good will. Later he made treaties with the tribes, and kept them.

But there is another phase of Penn's character which has left its stamp upon this community. A letter written to his wife and children on his embarking for America contained this sage counsel:

"Cast up thy income, and see what it daily amounts to, by which thou mayst be sure to have it in thy sight and power to keep within compass."

That advice has become ingrafted into the character of the people of Philadelphia today, and one of their first principles is to live within their income.

Penn was more than a religious reformer—he was a statesman of great practical sense. His views on education, to be found in his "Reflections and Maxims" and "Fruits of Solitude"—a book which may be read with profit and interest today—express the last word of modernity on the subject of education, although he wrote in 1693.

"How many millions of people," he said, "come into and go out of the world ignorant of themselves and of the world they have lived in.

"Children had rather be making of tools and instruments of play; shaping, drawing, framing, building, etc., than getting some rules of propriety of speech by heart.

"We are in pain to make them scholars, but not men; to talk rather than to know."

"Poor Richard's Almanac," the author of which was another distinguished Philadelphian, is today the bible of thrift. But Franklin also gave to the world the best definition of the principle of co-operation when he said, on a notable occasion, "We must all hang together or we shall hang separately."

Broad Street Station, Pennsylvania Railroad

Building of the United Gas Improvement Co.

Coming down to a later day, there was a banker whose career has enriched the city where he so long lived. Stephen Girard was one of the best examples this country has produced of what ability and unflagging industry may do. To his biographer, when asked for material for a story of his life, he said:

"My deeds must be my life; my actions must speak for me."

Read his will, bestowing in perpetuity vast benefits upon the City of Philadelphia, and see how magnificently it bears out this statement.

Penn, Franklin and Girard typify great and splendid ideals that

still live in the character and deeds of the men and women of this mighty industrial city. Thrift, co-operation, industry—these have combined to produce the Philadelphia of today.

PHILADELPHIA is preëminently a city of homes. The many thousands of workers who are making this the world's foremost industrial city do not live in "apartments" or in unsightly houses huddled together in insanitary localities, but in homes pleasantly situated and which the workers themselves own to a greater extent than in any other city of equal size, and it is of no small importance that

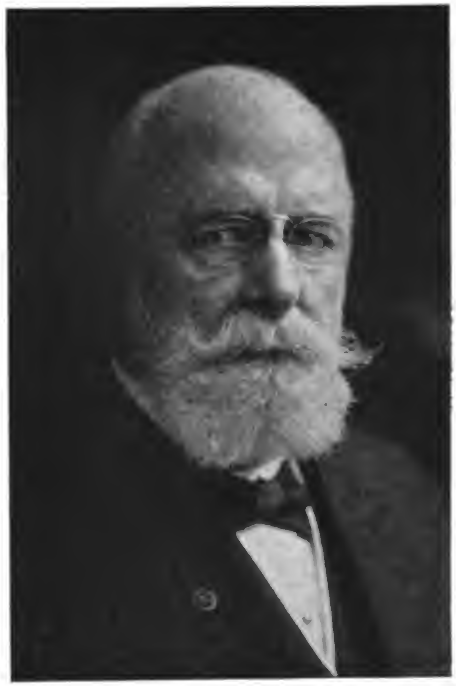
ERNEST T. TRIGG
President Chamber of Commerce, Philadelphia

this is so, for the workman who owns the house he lives in is not only a better citizen but a better worker than if he were a mere tenant. Here again is the evidence of the character of thrift, alluded to in the notable examples given above, and which has been so potent a factor in making Philadelphia a great modern industrial metropolis.

HON. THOMAS B. SMITH
Mayor of Philadelphia

Along countless miles of streets and avenues stretch these stately homes, the now somewhat old-fashioned red brick houses, with their white marble doorways and steps, wearing an air of sedateness, of respectability and comfort. These old residences still persist quite near the heart of the city's business district. To destroy them would be an act of sacrilege unworthy the spirit of Philadelphia. But it is in its beautiful suburbs that the finest homes of the present day are to be found. And perhaps no city in the country—not even Boston—can show so many

ALBA B. JOHNSON
President Baldwin Locomotive Works, Vice-President and Chairman Executive Committee Philadelphia Chamber of Commerce



HOWARD B. FRENCH
President Samuel H. French & Co.; Former President Philadelphia Chamber of Commerce

SAMUEL REA
President Pennsylvania Railroad Co.

C. H. K. CURTIS
President Curtis Publishing Co.

On the Site Now Occupied by the Penn National Bank Once Stood the Dwelling in which Thomas Jefferson Drafted the Declaration of Independence. This Tablet on the Bank's Present Building Now Commemorates this Historic Event

splendid suburban sections as are to be found in and around Philadelphia. And it is in these fine homes that the best spirit of the city abides. Here are illustrated the taste and culture of as fine a community as may be found anywhere in this country.

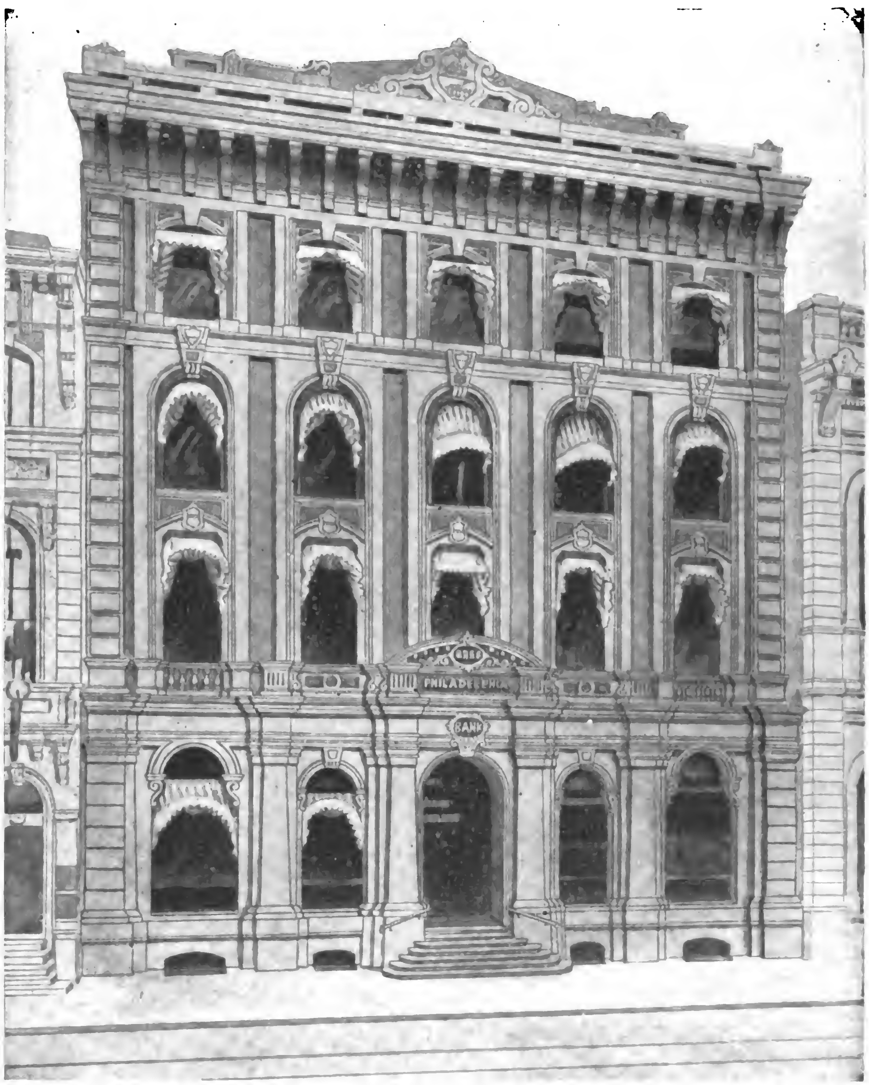
HISTORICAL

Philadelphia is a Scriptural name, composed of two Greek names which signify, as usually interpreted, "Brotherly Love." St. John, as we are informed in the Revelations, was instructed to indite a consolatory epistle to "the church in Philadelphia," a city of Asia Minor about seventy-two miles from Smyrna.

Philadelphia was founded in 1682-83 by William Penn with a colony of English Friends or Quakers, who came to America to settle a province or tract of land granted to him by Charles II in payment of a debt due by the government to his father. Thus the founding of Philadelphia was brought about largely by reason of a credit transaction.

Penn promulgated a series of laws in which the "Liberty of Conscience" was the first in order and importance.

The influences that determined Penn in his choice of a spot are said to have been "the approach of the two rivers; the short distance above the mouth of the Schuylkill River; the depth of the Delaware; the heavily timbered land;



Philadelphia National Bank

the existence of a stratum of brick clay on the spot, and immense quarries of building stone in the vicinity."

In drafting the plan of his American city, Penn is supposed to have had in view the celebrated city of Babylon, which he certainly imitated in the regularity of the streets, and which he seemed desirous to emulate in size, for he gave orders to his commissioners to lay out a town that would have covered an area of 8,000 acres.

The events in the early history of the town, prior to the Revolution, are not very striking. In 1687 a printing press, the second in America, was set up. In 1689 Penn established a public High School with a charter. In 1742 Franklin projected an Academy and Free School, which became presently a College, and finally the University of Pennsylvania. In 1765 the merchants of Philadelphia in consequence of various restrictive and ill-advised acts,

particularly the Stamp Act, passed by the Parliament of Great Britain, pledged their word of honor not to order nor sell on commission any goods

LEVI L. RUE
President Philadelphia National Bank

from Great Britain, except certain articles, more particularly those necessary for carrying on manufactures, "unless the stamp act be repealed." In 1774 the first Congress in America assembled in Carpenters' Hall, to take into consideration the state of our relations with the mother country. In this city was adopted the Declaration of Independence, which was read from a stand in the State House yard, by Captain John Hopkins, July 4, 1776. From September, 1777, to June, 1778, in consequence of the disastrous battles of Brandywine and Germantown, the British Army had possession of the city. The Convention that framed the present Constitution of the United States met in Philadelphia, May, 1787.

THE CITY'S ATMOSPHERE

Is there anything here distinctive—any traits by which the city is peculiarly characterized? We have all heard of the old red brick mansions with marble steps which the maids are forever scrubbing, and of Philadelphian's proverbial slowness. But is there not something more real than these—more thoroughly characteristic? It may not be easy to answer this question. Compared with New York, Philadelphia is less foreign, but this comparison would not hold good if extended to several smaller cities. One is reminded of Boston—or would be were not the streets so broad and straight. Both cities have notably beautiful sub-

West End Trust Company

Girard Trust Company

urbs—those of Philadelphia perhaps unequalled anywhere in this country—and both have great pride in their history and reverence for memorials of the past. You find commemorative tablets everywhere, and are made to realize that this is indeed the birthplace of America.

And is Philadelphia slow and sleepy? That is a question which courtesy would forbid one to ask had not this alleged characteristic of the city become proverbial. One very clever answer to it appears in that delightful and beautiful book, "Our Philadelphia," by E. Robins Pennell and Joseph Pennell, and this follows:

"I have never been to any town anywhere, and I have been to many in my time, that has more decided character than Philadelphia, or to any where this character is more difficult to understand if the clue is not got from the past. For instance, people talk about Philadelphia as if its one talent was for sleep, while the truth is, taking the sum of its achievements, no other American town has done so much hard work, no other has accomplished so much for the country. Impressed as we are by the fact, it would be impossible to account for the reputation if it were not known that the people who made Philadelphia presented the same puzzling contradiction in their own lives—the only people who ever understood how to be in the world and not of it.

"The usual alternative to not being of the world is to be in a cloister or to live like a hermit, to accept a rule in common or to renounce social intercourse. But the Friends did not have to shut themselves up to conquer worldliness, they did not have to renounce the world's work and its rewards. For 'affluence of the world's goods,' Isaac Norris, writing from Philadelphia, could felicitate Jonathan Dickinson, 'knowing both thyself and dear wife have hearts and souls fit to use them.' That was better than shirking temptation in a monk's cell or a

J. R. McALLISTER
President Franklin National Bank

the world's goods never being the end they were to the World's People, Friends were as undisturbed by their possession as by their absence and, as a consequence, could meet and accept life, whether its gifts were wealth and power or poverty and obscurity, with the serenity few other men have found outside the cloister. Moreover, they could speak the truth, calling a spade a spade, or their enemy the scabbed sheep, or smooth silly man, or vile fellow, or inhuman monster, or villain infecting the air with a hellish stench, he no doubt was, and never for a moment lose their tempers. This serenity—this 'still strength'—is as the poles apart from the phlegmatic, constitutional slowness of the Dutch in New York or, on the other hand, from the tranquillity Henry James traces in progressive descent from taste, tradition, and history, even from the philosopher's calm of achieved indifference, and Friends, having carried it to perfection in their own con-

philosopher's tub. If George Fox wore a leather suit, it was because he found it convenient, but William Penn, for whom it would have been highly inconvenient, had no scruple in dressing like other men of his position and wearing the blue ribbon of office. Nor because religion was freed for all unessential ornament, was the house stripped of comfort and luxury. I write about Friends with hesitation. I have been married to one now for many years and can realize the better therefore that none save Friends can write of themselves with authority. But I hope I am right in thinking, as I always have thought since I read Thomas Elwood's Memoirs, that their attitude is excellently explained in his account of his first visit to the Penningtons 'after they were become Quakers' when, though he was astonished at the new gravity of their look and behavior, he found Guli Springett amusing herself in the garden and the dinner 'handsome.' For

E. P. PASSMORE
Vice-President Franklin National Bank

Fourth Street National Bank

duct, left it as a legacy to their town.

"The usual American town, when it hustles, lets nobody overlook the fact that it is hustling. But Philadelphia has done its work as calmly as the Friends have done theirs, never boasting of its prosperity, never shouting its success and riches from the house-top, and its dignified serenity has been mistaken for sleep. Whistler used to say that if the General does not tell the world he has won the battle, the world will never hear of it. The trouble with Philadelphia is that it has kept its triumph to itself. But we have got so far from the Old Friends that no harm can be done if Philadelphians begin to interpret their town's serenity to a world capable of confusing it with drowsiness. If America is ready to forget, if for long Philadelphians were as ready, it is high time we should remember ourselves and remind America, of the services Philadelphia has rendered to the country, and its good taste in rendering them with so little fuss that all the country has done in return is to laugh at Philadelphia as a back number."

That Philadelphia is thoroughly alive

and active may be learned from a study of the statistics of its progress in manufacturing, commerce and banking as presented in the following pages. It will be found that in several lines of industry this city has taken a very prominent place, and in heavy manufactures it stands perhaps first. It has one of the greatest mercantile establishments in this country. It is the centre—the head office—of one of the world's best railway systems. It has furnished financial aid to the United States in three critical situations. It now rivals if it does not surpass the Clyde in shipbuilding. It gave the country the first of its great world's fairs, and is planning another. These achievements hardly spell slowness in a business sense. And yet there is here a certain leisurely air—a disposition at least to take time for anything worth taking time for; a lack of the fidgeting which the business men of certain cities put on as a mask to hide their lack of real occupation or an evidence of their inability to transact business without getting fussy.

E. F. SHANBACKER
President Fourth Street National Bank

Street traffic is well handled. On the busy downtown thoroughfares the vehicles—even the street-cars—move in one direction only, so that eyes in the back of your head are not needed.

In other days the government of Philadelphia was much criticized. Valid grounds for such criticism are not apparent to-day. The city is orderly, its streets clean, well lighted, and the people seemingly prosperous and happy.

You can not fail here to feel among the crowds on the streets that this is a city of friendliness, of neighborly kindness, and that it is, in reality, a "City of Brotherly Love."

R. J. CLARK
Vice-President and Cashier Fourth Street National Bank

Girard National Bank

In art, literature and education Philadelphia ranks with the leading cities of the world. It has furnished illustrious names that will long survive. Its institutions of learning are of more than local fame, while in philanthropic endeavors a noble example has been set.

But the city does not rest the hope of the future solely upon the illustrious record of the past. That record has been great indeed, but it is confidently believed that in the days to come the honorable achievements of the past will be fully equalled if not surpassed. Philadelphia was the nation's birthplace and the scene of much of that great political struggle which was vital to the existence of the new republic. It gave strong local support to the men instrumental in establishing the government upon solid foundations. By its devotion to high ideals of home and civic life, and by industry and skill in manufacturing and the display of enterprise in commerce it is to-day doing its full share in advancing the prosperity and greatness of the Union.

HISTORIC SHRINES

Possibly those who have written about Philadelphia as a rule have put too much stress upon these places, as if they constituted its principal attraction for the visitor. They are indeed a pleasing and prominent feature of those attractions, always to be seen with interest and contemplated with reverence, but nevertheless now only an incident of the great centre of industry, of commerce, wealth, art, literature and fashion. No one making his first visit to Philadelphia will fail to see these places. The birthplace of a nation (Independence Hall), Carpenters' Hall, where the Continental Congress met, the spot where the immortal Dec-

laration was penned (now the site of a modern bank building), the place where the first American flag was made (the Betsy Ross cottage), and the graves of Franklin and Morris, in Christ Churchyard. These are but some of the well-known points of historic interest. No American can be insensible to their meaning, and every one who visits Philadelphia must feel a sense of deep gratitude to the city for the care bestowed upon these memorials which so intimately link the place with the early and stirring days of the country's history. No city of America is richer in historic memories and nowhere are they more deeply treasured than here.

FRANCIS B. REEVES
Chairman Board of Directors Girard National Bank

THE PRESENT AND FUTURE OF PHILADELPHIA

It implies no lack of regard for the importance and worth of these memories to say that Philadelphia is not living on them. The facts about to be given show an activity and achievement in the present affording the grounds for sure prophecy as to the city's still greater future. The banks, the mercantile establishments, the factories, the transportation interests and the educational institutions all have that future in view and are building for it upon the sure foundations of the present. Some review is herewith given both of this record of achievement and preparation, beginning with the subject of banking as the common centre around which all the city's activities revolve.

JOSEPH WAYNE, Jr.
President Girard National Bank

Philadelphia—The Cradle of Liberty and of Banking

PHILADELPHIA deserves this distinctive and significant title, for here in 1779 Alexander Hamilton made the first suggestion for an incorporated bank in the United States, of which the "Bank of Pennsylvania," organized in 1780, was the outgrowth. Robert Morris, the "Financier of the Revolution," was at the head of this enterprise, and later submitted to Congress plans which led to the establishment of the first incorporated bank in the United States, the Bank of North America, at Philadelphia, chartered by Congress in 1781.

In Philadelphia was established, in 1792, the first Mint of the United States. Here, too, the Philadelphia Saving Fund Society, the oldest savings bank in the country, was opened just a century ago. The first "Bank of the United States," organized in 1791, and the second "United States Bank" in 1816, made Philadelphia their home. The American Bankers Association was organized in Philadelphia in 1876. Here also were established the first building and loan associations in the United States.

Philadelphia has always been foremost when the United States Government has been in need of financial aid. It was due very largely to the financial help given by a Philadelphian, Robert Morris, that Washington's army was enabled to subsist during the rigorous winter which it spent at Valley Forge. Again, a Philadelphian, Stephen Girard, to a large degree, financed the War of 1812; and it was E. W. Clark of Philadelphia who provided the financial substance for the Mexican War. Jay Cooke, in his day one of Philadelphia's foremost citizens, raised millions for the United States Government's use during the progress of the Civil War.

Philadelphia still maintains its prestige as a financial center, its banking institutions ranking among the largest and best-managed in the country. She has 104 banking institutions—National Banks, Trust Companies, and Saving Societies, with a combined capital and surplus of $203,000,000, and deposits of over $950,000,000.

The financial strength of the city, of which these figures are evidence, rests not only on the solid foundation of a tried and worthy past, but also upon modern banking methods which have been developed into the highest state of efficiency.

The germ of the clearing-house association of banks is to be found in the meetings held frequently by the banks of Philadelphia as early as 1810, "to consider the condition of affairs." To-day the Philadelphia Clearing-House Association is as noted for its liberal policies as it is for the sound methods of the banks which comprise its membership. It was the first city in the East to employ a clearing-house examiner.

Each class of institution—commercial, trust, or savings—is in position to meet every requirement in its particular field, and the enviable reputation Philadelphia bears in the industrial and commercial world is due in no small part to the banking facilities here available.

L. L. RUE,

President Philadelphia Clearing-House Association.

Philadelphia as a Banking and Financial Center

Bank of North America

PROBABLY few bankers recall—and many doubtless do not even know—the important part played by Philadelphia in the country's banking history.

It would be quite well within the truth to say that the country's banking began here, for the oldest bank in the United States—older than the Government itself under the Constitution—is here, as is also the lineal successor of the first bank of the United States, and the first bank chartered under the national banking system. And a remarkable fact about it all is that these banks to-day are not mere historic memories; they are live, active institutions.

When you add to these important banking beginnings the fact that the United States Mint was established here (where it still remains), that a Philadelphian raised the money to finance the Revolution, as another one did very largely to finance the War of 1812, and that still another took a leading share in the work of raising the money to carry on the Civil War, you begin to realize Philadelphia's banking and financial importance. As a clincher to all this, the fact should not be overlooked that the American Bankers Association held its first convention here in 1876. And in more recent years, during the very present era in fact, Philadelphia has shown a keen comprehension of the banking needs of the country and a ready adaptation in meeting those needs.

Some of the city's banking developments are thus described by Mr. O. Howard Wolfe, former secretary of the Clearing-house Section of the American Bankers Association, and at present assistant cashier of the Philadelphia National Bank.

H. C. MICHENER
President Bank of North America

The National Banks of Philadelphia

December 27, 1916

Banks.	Capital.	Surplus and Profits.	Deposits.	Total Resources.
Bank of North America	$1,000,000	$2,020,017	$12,047,655	$21,945,900
Centennial	300,000	629,220	4,444,359	5,867,575
Central	1,000,000	3,822,612	18,109,719	26,066,227
Corn Exchange	1,000,000	2,376,484	18,212,895	40,395,562
Eighth	275,000	1,104,135	5,039,367	6,726,463
Farmers and Mechanics'	2,000,000	1,566,475	13,480,845	23,728,089
First	1,500,000	1,764,529	17,206,237	38,553,059
Fourth Street	3,000,000	6,773,055	25,619,437	60,725,473
Franklin	1,000,000	3,754,077	25,205,238	52,126,171
Girard	2,000,000	5,105,501	33,212,873	74,004,047
Kensington	250,000	373,381	2,529,053	3,326,831
Manayunk	200,000	528,415	2,694,463	3,758,656
Market Street	1,000,000	1,452,148	7,165,853	15,710,618
National Bank of Germantown	200,000	584,583	4,027,938	5,456,799
National Security	250,000	1,142,358	4,778,260	6,672,800
Ninth	300,000	821,299	6,069,047	7,851,704
Northern	200,000	234,237	3,181,758	4,290,865
Northwestern	200,000	796,293	3,837,111	5,114,584
Penn	500,000	1,647,207	7,033,955	10,829,221
Philadelphia	1,500,000	5,173,487	51,260,977	84,652,966
Quaker City	500,000	545,876	2,864,427	4,716,499
Second	280,000	657,679	4,136,939	5,268,958
Sixth	150,000	299,794	2,119,403	2,881,420
Southwark	250,000	174,803	3,136,212	4,053,752
Southwestern	200,000	172,862	842,135	1,265,037
Tenth	200,000	131,503	1,282,896	2,027,286
Textile	200,000	117,627	1,684,536	2,215,953
Third	600,000	861,516	7,038,087	9,854,659
Tradesmens	500,000	1,020,067	6,015,375	11,564,829
Union	500,000	489,417	7,605,867	11,092,010
Total	$21,055,000	$46,145,657	$301,882,917	$552,744,013

State Banks, Trust Companies and Savings Banks of Philadelphia

November 17, 1916

Companies.	Capital.	Surplus and Undiv. Profits.	Deposits.
Aldine Trust	$200,000	$189,057	$872,794
American Bank	186,000	101,639	1,026,205
Bank of Commerce	300,000	170,491	857,913
Bank of East Falls	50,000	20,307	176,441
Belmont Trust	125,000	62,864	595,271
Beneficial Saving Fund	......	2,249,916	17,024,932
Broad Street Bank	101,325	12,781	378,550
Central Trust and Savings	750,000	533,186	5,746,551
Chelten Trust	200,000	151,230	1,531,127
Colonial Trust	270,825	293,178	1,802,272
Columbia Avenue Trust	400,000	535,712	2,641,345
Commercial Trust	1,000,000	1,925,925	23,709,186
Commonwealth Title Ins. & Trust	1,000,000	1,301,914	6,240,335
Continental-Equitable Trust	1,000,000	1,092,559	7,718,628

Companies.	Capital.	Surplus and Undiv. Profits.	Deposits.
Empire Title and Trust	$156,575	$36,792	$457,719
Excelsior Trust	300,000	165,516	1,274,888
Fairmount Savings Trust	250,000	123,409	1,533,274
Federal Trust	125,500	75,171	1,247,403
Fidelity Trust	4,000,000	13,433,345	36,756,726
Finance Co. of Pennsylvania	3,000,000	2,370,399	1,574,805
First Penny Savings	......	152,168	3,361,505
Fox Chase Bank	50,000	137,888	631,375
Frankford Trust	250,000	512,348	3,566,580
Franklin Trust	400,000	211,437	3,120,201
German-American Title and Trust	500,000	484,257	2,491,331
Germantown Trust	600,000	1,017,715	6,909,043
Girard Avenue Title and Trust	200,000	168,365	1,119,270
Girard Trust	2,500,000	9,075,291	48,403,981
Guarantee Trust and Safe Deposit	1,000,000	768,399	7,112,311
Haddington Title and Trust	125,000	42,986	1,028,812
Hamilton Trust	200,000	219,499	1,638,825
Holmesburg Trust	125,000	93,250	603,196
Industrial Trust, Title and Savings	500,000	1,224,326	6,037,454
Ineegrity Title Ins. and S. D	500,000	1,460,904	5,449,206
Kensington Trust	200,000	181,101	3,034,258
Land Title and Trust	2,000,000	5,058,685	13,593,366
Logan Trust	1,000,000	475,369	4,132,882
Manayunk Trust	250,000	246,676	1,749,618
Market Street Title and Trust	174,405	198,605	2,324,578
Merchants' Union Trust	1,000,000	251,862	1,934,049
Mortgage Trust of Pennsylvania	125,000	34,206	45,167
Mutual Trust	438,043	83,367	682,843
Northern Trust	500,000	2,099,814	8,348,858
North Penn Bank	150,000	104,291	1,477,377
North Philadelphia Trust	150,000	241,098	2,783,449
Northwestern Trust	150,000	500,634	3,494,156
Olney Bank	50,000	5,644	281,910
Pelham Trust	150,000	96,039	939,327
Penna. Co. for Ins. and Lives, etc	2,000,000	5,352,083	38,744,527
Penna. Warehousing and S. Dep	400,000	649,885	769,912
Peoples Bank	50,000	13,646	884,002
Peoples Trust	634,450	149,912	1,723,665
Phila. Co. for Guaranteeing Mtgs	2,000,000	673,251	*......
Philadelphia Mortgage and Trust	125,000	46,281	......
Philadelphia Saving Fund	......	16,851,898	131,070,241
Philadelphia Trust	1,000,000	5,027,712	21,758,387
Provident Life and Trust	1,000,000	5,761,712	15,081,090
Real Estate Title Ins. and Trust	1,000,000	1,782,401	5,175,207
Real Estate Trust	3,748,600	533,681	5,818,270
Republic Trust	400,000	231,452	1,441,279
Ridge Avenue Bank	300,000	103,043	1,347,455
Rittenhouse Trust	250,000	78,018	1,549,346
Robert Morris Trust	1,000,000	179,955	1,240,228
Savings Fund Society of Germantown	......	1,321,760	11,892,366
South Philadelphia State Bank	50,000	3,334	93,145
Starr Savings Bank	......	8,218	346,366
State Bank of Philadelphia	50,000	13,087	1,026,699
Tacony Trust	150,000	191,768	1,455,570
Tioga Trust	125,000	27,749	637,111
United Security	1,000,000	1,031,746	1,758,380
Wayne Junction Trust	160,000	70,225	799,008
West End Trust	2,000,000	2,048,220	8,322,921
Western Saving Fund	......	4,502,890	38,204,980
West Philadelphia Bank	100,000	30,675	581,112
West Philadelphia Title and Trust	500,000	596,947	4,052,220
Total	$44,745,723	$97,273,164	$545,234,780

*Does not receive money on deposit.

Philadelphia Clearing-House Association

1901 to 1916

1916	Deposits	Total Resources	Trust Funds
National Banks	$441,000,000	$532,000,000	....
Trust Companies, State Banks and Savings Institutions....	511,000,000	734,000,000	$970,000,000
Total	$952,000,000	$1,266,000,000	$970,000,000
1911			
National Banks	$320,000,000	$402,000,000	....
Trust Companies, State Banks and Savings Institutions...	373,000,000	569,000,000	$681,000,000
Total	$693,000,000	$971,000,000	$681,000,000
1906			
National Banks	$273,000,000	$347,000,000	....
Trust Companies, State Banks and Savings Institutions...	331,000,000	495,000,000	$518,000,000
Total	$604,000,000	$842,000,000	$518,000,000
1901			
National Banks	$216,000,000	$269,000,000	....
Trust Companies, State Banks and Savings Institutions...	229,000,000	347,000,000	$415,000,000
Total	$445,000,000	$616,000,000	$415,000,000

PHILADELPHIA AS A CHECK CLEARING CENTER

In the president's office of the bank with which the writer is associated, there hangs a frame containing three checks, numbered 1, 2 and 3, drawn upon the bank in the year 1819 by a well-known firm which is still a depositor with the bank. Although nearly a century has passed since these checks were drawn and paid, it is interesting to note that there is practically no change in the form used as compared with modern checks and drafts. In size and essential features, the three old checks are identical with the forms used to-day and if we may overlook the quaint style of printing and writing used, it is not doubted that if these relics of a by-gone banking era should

Philadelphia Bank Clearings

Growth in Ten Years

1906	$7,686,966,980
1907	7,161,060,440
1908	5,937,754,106
1909	7,021,756,889
1910	7,689,664,085
1911	7,691,842,937
1912	8,166,286,613
1913	8,523,508,873
1914	7,916,064,219
1915	8,863,633,292
1916	13,083,317,712

Corn Exchange National Bank

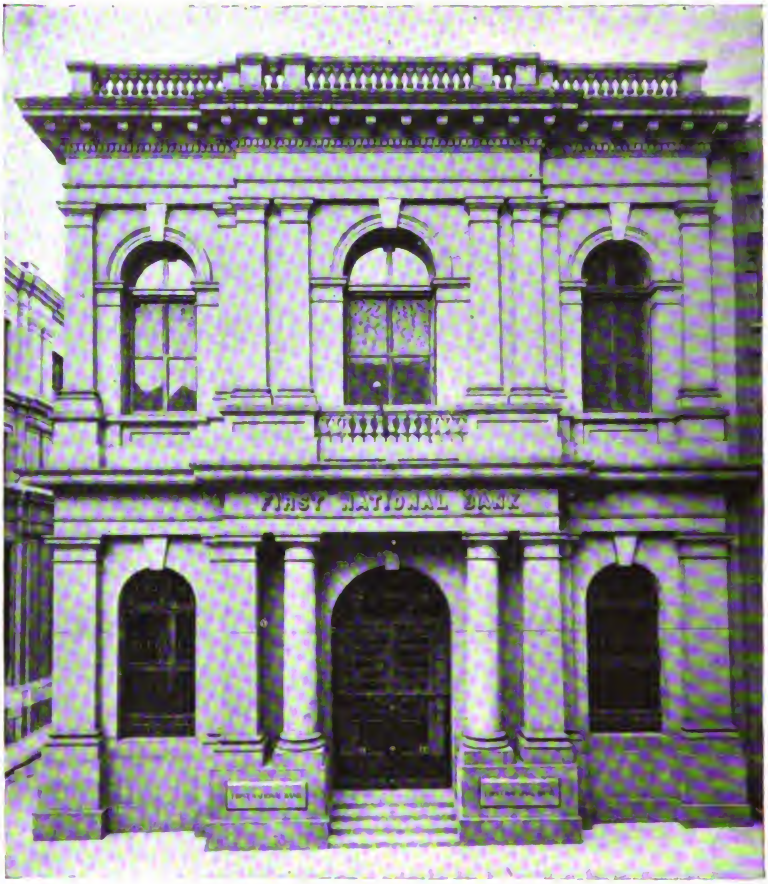
somehow fall out of their frame and "get into the work" they would scarcely attract the attention of the clerk as he searched for his difference.

And yet there have been vast changes in banking systems, the function of checks and methods of handling them during the interval between 1819 and 1917. In its activity and operation, the note liability was a far more important item on the early bank's statement than the deposit liability. The deposit-and-check system of payment did not come into general favor until about the year 1850. As a result of the increased use of checks at that time clearing-houses began to be established, and in 1858 the Philadelphia Clearing-House was organized, which event might be regarded as one of the landmarks in Philadelphia's check clearing history.

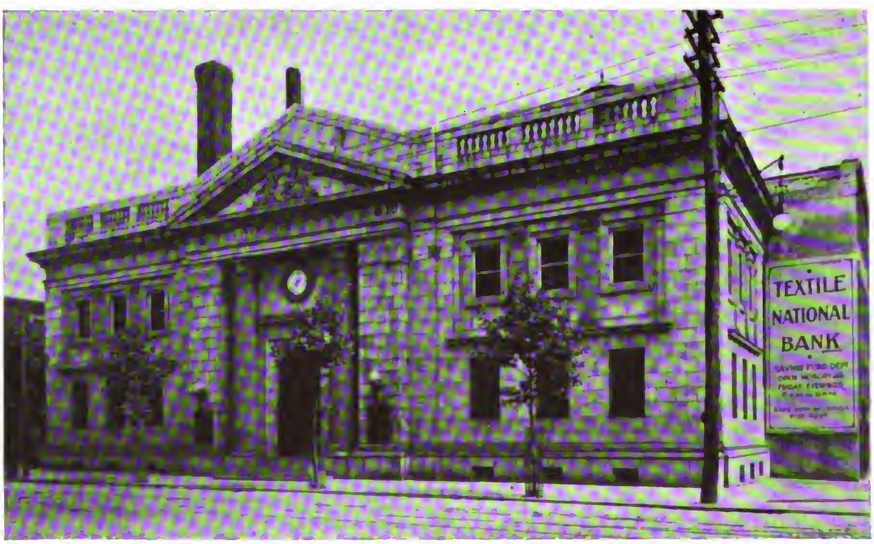
CHARLES S. CALWELL
President Corn Exchange National Bank

OBSERVANCE OF CORRECT BANKING PRINCIPLES

The city has always enjoyed a distinguished and important position as a



First National Bank



Textile National Bank

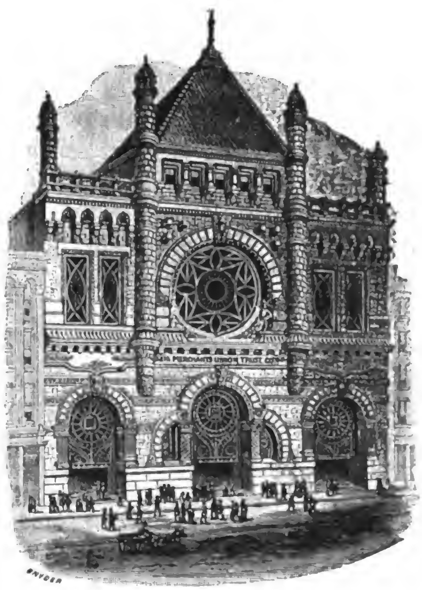
WILLIAM A. LAW
President First National Bank

great industrial and financial center and it is not hard to understand why so many institutions of historical and national repute are to be found here. At least six of them can boast of unique distinctions which need not be referred to at this time. The point desired to be established in connection with the subject under discussion is that the banking structure of Philadelphia is firmly and soundly based upon correct banking principles and the growth of the banks has but reflected the industrial and financial progress of the city. The roots of our institutions are fixed firmly deep within the commercial soil of the State and Nation.

It is necessary to emphasize this point in connection with an important event that happened in 1899, and which had a marked influence upon the city as a clearing center. This was the establishment of clearing-house exchange charges, covering out-of-town checks, by the New York banks whose action was followed soon after by the Boston Clearing-House. In three years, the bank deposits of Philadelphia banks increased some thirty millions of dollars. Checks that had formerly been sent to New York and Boston were collected instead through Philadelphia at par. Note that these items thus diverted were general out-of-town checks, for the collection of which Philadelphia was and is just as favorably situated as either New York or Boston. In fact, the metropolis of the Keystone State is in a better position to handle the Atlantic seaboard than either of her more northerly neighbors, and so far as the west is concerned, Philadelphia is two hours nearer in point of railroad time than New York. These new depositors who had been using New York and Boston banks found that not only was a draft on Philadelphia entirely acceptable in the payment of debts, but that also the banks of this city were quite able to render any banking service, domestic or foreign, that might be required.

AN IMPORTANT COLLECTION CENTER

It is not surprising, therefore, that Philadelphia has become the most important collection center in the East, and one of the leading cities in this class



Merchants Union Trust Company

Real Estate Trust Company

in the country. There are handled daily by the banks of the Quaker City a quarter of a million out-of-town checks, received from and payable in every section of the country.

It goes without saying that twenty years of intensive check collection built upon more than a century of general banking experience has put the financial institutions of the city in the forefront in the matter of transit systems and facilities. Scientific analysis systems, ably described by Mr. Harry J. Haas in the December, 1916, BANKERS MAGAZINE, are in operation through which the officers who give their especial attention to the collection of checks keep in touch with local and general condi-

GEORGE H. EARLE, Jr.
President of the Real Estate Trust Company of Philadelphia and also of the Finance Company of Pennsylvania; South Chester Tube Company; Pennsylvania Sugar Company, and the Pennsylvania Warehousing and Safe Deposit Company

tions. It is an interesting thing to contemplate that the settlement of two hundred and fifty thousand business transactions, in which individuals, firms and corporations outside this city are involved, daily are entered upon the records of Philadelphia banks.

The bankers of Philadelphia are in a position to view with calm satisfaction the struggle that is now going on to put the collection of all checks upon an exchange-free basis. Twenty years ago, a wave of exchange regulations by clearing-house rule swept over this land, and yet the problem remained unsolved. Philadelphia bankers, almost alone, adhered to the doctrine that every check drawn upon them was an obligation to be redeemed at face value, and that the accounts carried by their depositors entitled them to a certain degree of service free of charge. They have now the gratification of seeing this policy vindicated as city by city, and bank by bank, approaches through one influence or another, the same point of view.

A short time ago the New York Clearing-House published a list of country banks upon whose checks no exchange charge was made compulsory on the part of New York banks. Permission was given to stamp such checks "Collectible at par through the New York Clearing-House." Yet this distinction, if it might be so considered, represents nothing new or unusual. Any check—not a select and restricted few—might be similarly marked "This check may be collected at par through an account with any Philadelphia bank."

In Philadelphia there is a Federal Reserve Bank, a Sub-Treasury, and the largest mint in the country. No other city is so favorably situated except San Francisco. But in addition to these tangible assets. Philadelphia has a

EDWARD S. BUCKLEY, Jr.
Treasurer Real Estate Trust Company of Philadelphia

Hotel Adelphia

Commercial Trust Company

clearing-house that is modern and up-to-date, with a membership composed of banks not only sound and prosperous, but committed to a liberal policy which, with the other advantages noted, assures to the City of Brotherly Love a continuation of its present prestige as a great banking and clearing center.

TEST OF BANKING SERVICE

One of the best tests of banking service, and one not infrequently overlooked, is to be found in the growth of commerce and industry. For to reach its best development a city's industrial and commercial activities must have ample and efficient banking support. That this has been given by the Philadelphia banks appears most conclusively from the remarkable growth of the city in manufacturing and trade as well as from the growth of the banks themselves.

The bankers of Philadelphia, personally, will compare most favorably with those of any city of the country in ability, energy and courtesy. They have established a reputation for sound judgment, integrity, and a keen perception of the duty they should perform toward the business community. In the growth of industry and trade, recorded in these pages, their influence may be clearly seen, for to their skill and prudence the city of Philadelphia undoubtedly owes a very large share of its present prosperity.

Philadelphia Chamber of Commerce

THE work of co-ordinating the various agencies for promoting the city's industrial and commercial activities, and also for advancing the general welfare, is admirably being carried forward by the Philadelphia Chamber of Commerce. It has a membership of about five thousand, placing it among the very large organizations of its kind in the country, and is equipped with the following Bureaus: Transportation, Foreign Trade, Conventions, Industrial, Charities, Publicity, and Membership. To make the work more effective, special committees have been created, consisting of members of the board of directors and others from the general membership.

Among the numerous matters engaging the attention of the Philadelphia Chamber of Commerce are the securing for the city the share of the foreign trade to which the port is entitled, to aid in keeping the facilities of the port up to the highest possible standard of efficiency, and to protect in a general way the interests of the city as a whole, as well as those of particular shippers.

An especially important part of the Chamber's activities is handled by the Industrial Bureau, which is engaged in collecting and disseminating information about the city's industries, with a view to attracting new enterprises where needed, and to aid in the most efficient conduct of those already existing.

The Convention Bureau has effectively called attention to the many superior advantages possessed by Philadelphia as a convention city, while the Charities Bureau undertakes an investigation of the various organized philanthropic efforts to the end that contributions made to them shall most effectively serve the intended purpose.

Educational work of a most important character is being

carried on so that the people of the city will better understand their commercial and industrial problems.

The Philadelphia Chamber of Commerce is located in the Widener Building, and besides having adequate offices for the different bureaus, there is an Assembly Room where general meetings are held to consider matters of interest to the city's welfare.

Philadelphia has established its position as the "World's Greatest Workshop" through active co-operation among all those industrial, financial, commercial and civic forces which make up the city's life. The industry and thrift of our people, the integrity and ability of those directing the great manufacturing and commercial enterprises, have been the underlying factors of the progress already made, as they are likewise the best assurance of an even greater progress in the future.

It has been a principal part of the work of the Philadelphia Chamber of Commerce to arouse a spirit of enthusiasm among our business men, to unify their efforts, and by bringing into the organization representative citizens to assure a wise direction of activities for stimulating the manufacturing and commercial interests of the city.

In this era of unexampled foreign trade, and in the strenuous contest just ahead of the country for retaining as large a share of this trade as possible, Philadelphia has occupied and will continue to occupy the post of leadership. Here are some of the reasons for this belief: Great factories equipped with modern machinery, the facilities of transportation; the abundant raw materials; the able captains of industry; the great and strong banks; a large body of skilled workmen; and an energetic determination to keep the city ahead not only as the "World's Greatest Workshop," but as the best city to live in.

ERNEST T. TRIGG,

President Philadelphia Chamber of Commerce.

Philadelphia

The Mother City of the Nation. The first American city in places of historic interest.

The city in which more things of National importance were done first than in any other city of the United States.

The greatest city of the greatest industrial state in the Union.

The greater metropolitan district of Philadelphia constitutes the greatest manufacturing center in the United States.

Produces—within the city limits — approximately one billion dollars worth of manufactured articles yearly, or one twenty-fifth of all the goods manufactured in the United States.

The greatest textile manufacturing center of the world.

The city that holds first place in more of America's six greatest industries than any city in the Union.

Has the greatest diversity of industrial activities of any city in the world, and by far the greatest number of skilled wage earners—in proportion to population—of any city in the United States.

Is unexcelled in advantages and facilities for transportation. Its railroads tap the best sources of supply in varied raw materials.

For economic and efficient handling of import and export shipments, the port of Philadelphia is unexcelled.

Philadelphia's social, domestic and economic conditions are of the highest standard. Its educational and recreational advantages are unsurpassed.

"The City of Owned Homes," has the greatest number of buildings of any city in America.

Philadelphia

The value of the output of the 10,000 manufacturing establishments of Philadelphia is estimated at $1,000,000,000 per annum, and the following is a list of the more important products made therein:

Woolen and worsted goods	$54,900,000
Printing and publishing	45,800,000
Foundry and machine-shop products	38,600,000
Sugar refining	37,600,000
Clothing, women's	30,100,000
Clothing, men's	29,000,000
Hosiery and knit goods	23,900,000
Leather, tanned, curried, finished	23,500,000
Carpets and rugs, other than rag	22,600,000
Cotton goods	22,500,000
Petroleum refining	22,500,000
Slaughtering and meat packing	22,000,000
Bread and other bakery products	19,000,000
Malt liquors	14,200,000
Tobacco manufactures	13,400,000
Locomotives	13,200,000
Steel works and rolling mills	11,700,000
Hats, fur-felt	10,400,000
Chemicals	9,600,000
Patent medicines	9,400,000
Paint and varnish	8,000,000
Furniture and refrigerators	8,000,000
Lumber and timber products	7,700,000
Copper and tinsmithing	7,400,000
Soap	7,300,000
Confectionery	7,300,000
Electrical machinery and supplies	7,000,000
Boots and shoes	6,500,000
Silk and silk goods	6,500,000
Dyeing and finishing textiles	6,300,000
Shipbuilding	6,000,000
Cars by steam railroad companies	5,300,000
Oilcloth and linoleum	5,000,000
Millinery and lace goods	5,000,000
Street railway cars	4,200,000
Fertilizers	4,200,000
Paper and wood pulp	4,100,000
Brass and bronze products	4,000,000
Leather goods	3,900,000
Boxes, fancy and paper	3,800,000
Paper goods, not elsewhere specified	3,500,000
Marble and stonework	3,400,000
Cordage, twine, jute and linen goods	3,300,000
Saws	3,000,000

"The Workshop of the World"

GLORIOUS as is the history of Philadelphia, constituting an ever-present inspiration, there is here found no intention of living in the past. Right now the city is forging to the front as the world's great centre of manufacturing, and no one who has carefully investigated its many factors making for industrial greatness, and witnessed the splendid enthusiasm and coöperation of all classes of citizens, can for a moment doubt that the past and the present—great as they have been and are—will be far outdistanced in the future. Indeed, it is stated that in the past two years the new industries locating in Philadelphia alone are equal in the value of their output to five times the normal rate of increase. The city is going after new and important manufacturing enterprises that may be advantageously located here, and is getting them in large numbers.

ADVANTAGES IN LABOR AND MANUFACTURING

Some of the advantages which Philadelphia offers to manufacturers and others are thus stated:

With but one-third of the population of New York city, Philadelphia has nearly half as many skilled wage earners; and with less than three-quarters of the population of Chicago, nearly as many employed in manufacturing industries. Only six states, including Pennsylvania, have a greater number of skilled wage earners, or manufacture products of greater value, than the city of Philadelphia.

A statement has recently been made to the effect that within the next four years Philadelphia will have increased its population by 200,000. If this prediction is fulfilled this city will have added materially to the number of its skilled and technical workmen, because it will be largely from this class that the increase will be drawn.

Fifty thousand workmen of varied attainments have in the past eighteen months been attracted to Philadelphia and vicinity from all sections of the country, by the inducement of assured employment for a considerable period of time. There is no city in the country to which labor can more readily be attracted than Philadelphia, "The World's Greatest Workshop and the World's Greatest City of Homes." These 50,000 workmen will influence many thousands more and so on. Every increase of skilled labor here adds to

Baldwin Locomotive Works

Farmers and Mechanics National Bank Building, Erected 1854 on the Site of the Old Lawrence Mansion, Built Prior to the Revolution

Here Lived: Gen. Henry Knox, Secretary of War—Timothy Pickering, Secretary of State—Col. John Lawrence, Member of Congress—Admiral Lord Howe during the British occupancy of Philadelphia

our lasting industrial strength. There is probably no other locality in America where so many skilled workmen are tied to a permanent residence by the ownership of their homes in which they live.

Philadelphia is famous the world over as "The City of Homes," and particularly the workmen's home. A workman who lives in a small house with his family is anchored down to a locality much more than one who resides in flats and tenements which he may leave at any moment without pecuniary loss.

The Philadelphia workman stays in his own city and does not float. As a consequence he forces capital to come to him; and he compels the raw material to be brought to him. At his beck comes iron and coal and oil and gas, and all the products to which he applies his skill. His position is strengthened by the city's variety of industries.

Philadelphia has the greatest diversity of industrial activities of any city in the world. If there is a falling off in the locomotive business, a skilled workman in such employment may easily find employment in a ship yard or steel works. It would require a very general depression in business in the Philadelphia region to put out of em-

HOWARD W. LEWIS
President Farmers and Mechanics National Bank

EDWARD STOTESBURY LEWIS
Cashier Farmers and Mechanics National Bank

ployment, for any length of time, a man with any degree of skill as an artisan. The most efficient labor is glad to locate in "The World's Greatest City of Homes," where every man has his own front yard and back yard and is able to give his family unsurpassed educational and recreational advantages.

Before the present war began Philadelphia was foremost in many departments of production. It was the first in the building of ships, locomotives and street railway cars and in the production of carpets, leather, hats, woolen goods and numerous other manufactured products. Since the war began it has increased its output in many of these things, and added arms, munitions and the various appliances for war, to its products. Old plants have been extended and new plants have been built. Within the corporate limits are the vast establishments of Midvale Steel Company, the Baldwin Locomotive Works, the Cramp Shipyards, the Stetson Hat Works, Brill Car Plant, and numerous other huge works. In the greater Metropolitan district of Philadelphia are located the New York Shipbuilding Company, the Victor Talking Machine Company and Remington Arms Company. One of the largest machinery manufacturing corporations in the world is now negotiating for the purchase of 500 acres, immediately adjacent to the city line, on which a plant, employing 15,000 men, will be erected. Few localities in the world embrace in so limited an area such mighty forces of production. These industries, employing a vast army of male labor, largely men of families, create a condition that affords great advantages to industries employing female labor.

The following data which has been furnished by the United States Census Bureau, shows the composition and characteristics of the population of the city of Philadelphia. Those experienced in the handling of labor, will readily see reflected in this data, a great labor advantage which location in

R. L. AUSTIN

Federal Reserve Agent and Chairman of Board,
Federal Reserve Bank

CHARLES J. RHOADS

Governor Federal Reserve Bank

WILLIAM T. ELLIOTT

President Central National Bank

WILLIAM Y. CONRAD

Cashier Central National Bank

Brown Brothers, Bankers

the city of Philadelphia affords manufacturers:

Total population, 1910, within corporate limits of city	1,549,008
Male	760,463
Female	788,545
Native, white—Native parentage	584,008
Native, white—Foreign or mixed parentage	*496,785
Foreign-born, white	†382,573
Negro	84,459
Indian, Chinese, Japanese and all other	1,178

*Principally English, Irish and German.

†Forty per cent. English, Irish, Scotch; twenty-five per cent. Germans, Austrians, Hungarians; thirty-five per cent. Italians and Russians.

Production managers who have handled labor in various sections of the United States say the efficiency of Philadelphia labor is unequalled anywhere.

THE PORT OF PHILADELPHIA

Philadelphia is the second seaport in the country in point of tonnage of export and import trade. It is located on the Delaware River, approximately eighty-eight nautical miles from the ocean.

For convenience in the gathering to-

SAMUEL S. SHARP
President Penn National Bank

MELVILLE G. BAKER
Vice-President and Cashier Penn National Bank

Penn National Bank

Drexel & Company, Bankers

gether of goods and merchandise for export and for the distribution of import goods, Philadelphia's location is unsurpassed, and, in fact, unequalled by any other American port outside of New York. The city lies immediately above the junction of the Schuylkill River with the Delaware River, and its central part occupies a peninsula about two miles in width between the two.

The water approach to Philadelphia is by way of the Delaware River and Bay, the latter a commodious tidal estuary with natural, broad, deep water extending for thirty-five miles from the ocean to the entrance of the improved ship channel, from which point, a distance of fifty-three miles to Philadelphia, the channel is from 600 to 1,000 feet wide and thirty feet deep at low tide. This depth is constantly maintained by dredges of the United States

JAMES F. SULLIVAN
President Market Street National Bank

J. S. McCULLOCH
President Union National Bank

Union National Bank

Provident Life and Trust Co.

Government and contract work is now under way for increasing the depth to thirty-five feet and the width to from 800 to 1,200 feet.

The river is excellently lighted from the sea to the mouth of the improved channel by powerful lights established in steel and concrete towers built along the edge of the deep water in the bay, and from the entrance of the channel to the city, by gas buoys, and sets of shore range-lights located on the centre lines of the various reaches of the channel. It can safely be said that no water approach to any great seaport in the world is safer or easier of navigation than that to the port of Philadelphia.

The facilities for handling marine

Pennsylvania Company for Insurances on Lives and Granting Annuities

commerce consists briefly of some 267 wharves of various sizes for the accommodation of every character of vessel, of which number 159 are projecting piers and the balance individual sections of bulkhead frontage improved for shipping or industrial uses. The waterfront terminals of three great trunk line railroads connect with tracks, which extend over the entire American continent. Direct connection by regular lines of steamers sailing at fixed and frequent intervals may be had with London, Glasgow, Leith, Hamburg, Bremen, Antwerp, Rotterdam, Copenhagen, Genoa, Naples, Trieste, Calcutta, the West Indies, Central America and Panama, Northern Pacific and South American ports, via the Isthmian Canal, as well as nearly all the important domestic ports on the Atlantic and Pacific Coasts and the Gulf of Mexico.

Philadelphia's total water frontage on the Delaware and Schuylkill Rivers is about thirty-seven miles, of which twenty miles are on the former and seventeen miles on the latter stream. The most concentrated activities of the port are centered along about six miles of waterfront on the Delaware River, extending from Greenwich Point, about three miles south of Market street, to

Allegheny avenue, Port Richmond, about three miles north of Market street. Portions of the Schuylkill River, however, also handle a considerable traffic, and owing to the large exports of oil from the refineries located thereon, nearly forty-five per cent. of the gross tonnage of the port originates on this stream.

The principal marine terminals are those owned by the city, consisting at this time of seven well-constructed piers; the piers of the Pennsylvania Railroad Company, fifteen in all; those of the Philadelphia and Reading Railroad Company, twenty-three in all; three piers belonging to the Baltimore and Ohio Railroad Company; three piers of the Independent Pier Company, and the bulkhead wharves of the Atlantic Refining Company and the Gulf Refining Company. The piers belonging to the municipality are located mainly at the ends of streets in the central section of the city.

The excellence of Philadelphia's railroad facilities along her main water front can hardly be overstated, and place her in a position unique among Atlantic ports. Three great continental trunk line systems, the Pennsylvania Railroad, the Philadelphia and Reading Railroad and the Baltimore and Ohio Railroad, maintain well-equipped marine terminals within a few miles of the heart of the city, at which ships of large size can dock and unload with safety and dispatch. These accommodations are extended by the railroads to the vessels using their rail lines. The situation of the city on the west or continental side of the river makes it possible for the railroads to connect directly with the marine carriers by means of trains run out onto the wharves alongside of the ships, and renders unnecessary the expensive system of lighterage and transfer by carfloats unavoidable in some other American ports.

In addition to the above railroad companies with connections to their own terminal piers, the main Delaware River waterfront is served by the Philadelphia Belt Line Railroad Company, a quasi-public corporation, by means of whose facilities occupants of any public or private wharves in this section of the city can obtain direct car service from or to any one of the above named railroads. This is an exceedingly valuable privilege, not enjoyed by any other North Atlantic port.

Practically all of the steamship wharves are provided with railroad tracks running on them for nearly their whole length, usually in sunken pits which bring the car floors level with the pier deck and greatly facilitate the easy and economical transfer of freight between vessels and cars and cars and vessels.

C. S. W. PACKARD
President Pennsylvania Company for Insurance on Lives and Granting Annuities

Freight rates between Philadelphia and most inland points are fixed in accordance with its advantageous geographical position in near proximity to the great Mississippi Valley region as compared wth more northerly ports. A substantial differential in rail rates exists in favor of this city over both New

Penn Mutual Life Insurance Co.

York and Boston to all points in the states of Pennsylvania and West Virginia, and practically the entire northern portion of the Mississippi Valley, and the Great Lakes region to the northwest.

In addition to the present harbor facilities above enumerated, extensive improvements are planned by both the municipality and the several railroad corporations having terminal wharves and yards on the Philadelphia waterfront for execution in the near future. These contemplate the construction of a dozen or more modern, well-equipped, fireproof, two-story piers of greater size than any now in the port, the establishment of new, large car-storage and classification yards in the Greenwich section, near the southern end of the main Delaware River front, and the radical extension of belt line railroad tracks and connections along the waterfront. Funds are now available for, and construction operations have been commenced, toward the carrying out of these large works.

VARIETY OF MANUFACTURES

Philadelphia's high rank among the great commercial centers of the country and of the world has not been won through accident, but is the logical result of a combination of favorable physical conditions being developed by a truly representative American population.

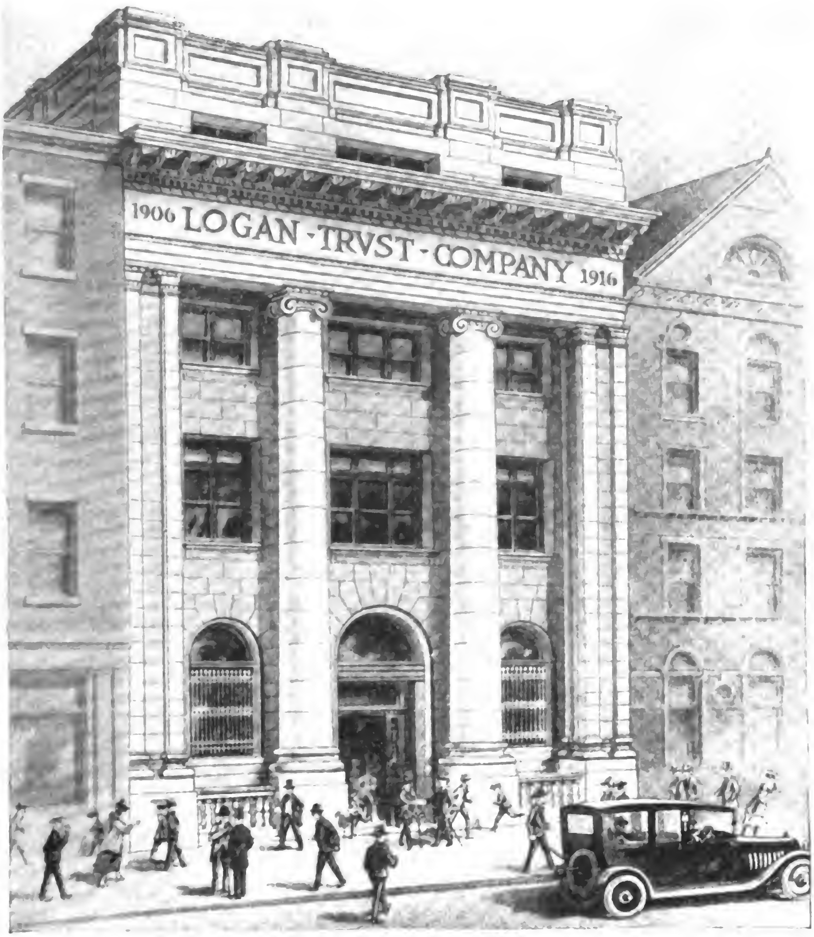
It is true that Philadelphia has the advantage of being comparatively near to the great coal mines of the country, and that the deposits of iron ore in Pennsylvania led to the establishment of many iron and steel manufactories in and about this city, but aside from this it is impossible to place an adequate estimate upon the value of the splendid work done by the societies formed in this city just prior and during the Revolutionary days, devoted to fostering manufacturing enterprises during the early development of various mechanical processes, nor to the successors of these societies who are still carrying on educational work along these lines.

As stated at the outset of this article, people of Philadelphia themselves have been the important factor in earning for the city its enviable reputation for those steadfast qualities that enter into the making of a truly great community; and the thoroughness and skill of the artisans have won for the city's products universal recognition for excellence.

TEXTILES

Of all the varied industries that have won for Philadelphia a place among the leading manufacturing centres of the world, the manufacture of textile holds first rank. In fact, in some branches of the industry Philadelphia is not surpassed by any other city in Europe or America.

In the manufacture of woolen and worsted goods, hosiery and knit goods,



Logan Trust Co.

carpets and rugs, cotton goods, felt hats, silk goods, cordage and twine, in the dyeing and finishing of textiles, Philadelphia leads any two cities in the United States in respect to the value of the annual product of mills, and in the amount of capital invested and the number of wage-earners employed.

Hosiery and Knit Goods—The development of the manufacture of hosiery has been particularly remarkable. Beginning with the hand-looms of a few German settlers, who made their homes in Germantown in the latter part of 1683, great importance had been attained by this industry by 1857.

The greatest development in this industry has taken place since about 1880. There were in Philadelphia, in 1909, one hundred and seventy-seven manufactories, producing goods valued at $23,971,000, and giving employment to 16,000 people. In 1899 the value of the output was $13,000,000, an increase for the ten years of nearly eighty-three per cent.

Great strides have been made in the development of knitting machinery, the improvements being in the direction of betterment of product as well as greater speed. It seems a long way from the time when one hundred stitches per minute were considered a fair average, to the present day when machines are

Tradesmen's National Bank

doing the work at the rate of 60,000 to 70,000 stitches a minute, a single machine knitting a stocking, without seams, absolutely complete save for the looping at the toe. There are 15,000,000 dozen pairs of stockings knit in Philadelphia every year, and this wonderful output is made possible through the inventive genius that has been directed toward developing this class of machinery, beginning with hand machines, and then the semi-automatic machine, and finally achieving the present types of mechanical excellence.

Woolen and Worsted Goods—Manufacture of woolen and worsted goods, which had an humble beginning in this city, has grown to be Philadelphia's most important industry so far as the value of output is concerned, a wonderful development likewise having taken place in this branch of enterprise in the last fifty years. Among early records we read of Samuel Wetherill, whose factory was located near Fifth and Arch streets, and who received, in 1775, the contract for supplying the cloth for the uniforms used by the Continental Army.

Just prior to the War of 1812, an impetus was given to the wool industry of Pennsylvania by Dr. James Mease, of Philadelphia, who, in 1803, had been successful in importing two merino rams and two ewes. Dr. Mease, together with Thomas Buckley, also of Philadelphia, formed in the Middle States a merino society. At auction sales merino sheep sold for two hundred and fifty to three hundred dollars each. All the farmers kept flocks of sheep, and in their home, carded, spun and wove the wool into cloth.

In 1810 there were three mills of importance in Philadelphia making a cloth of wool and cotton, known as cassinet, and weaving merino into broadcloth.

At the present time there are 131 establishments, with a capital of $54,914,000 invested, employing 19,177 wage-earners, who receive annually $7,800,000 and produce $54,922,000 worth of woolen goods.

Cotton—Although New England is always thought of as the great center of the cotton industry of the United States, the first spinning-jenny seen in America was exhibited in Philadelphia in 1775. On February 22 of that year the United Company of Philadelphia for Promoting American Manufactures was formed, with a three years' charter, to begin the

manufacture of woolens, cottons and linens. A house on Market street was rented for three years at £40 per annum, and by the following October 400 women were employed. Thus was established the first cotton mill in this country.

To-day there are 137 establishments engaged in the manufacture of cotton goods in Philadelphia, employing nearly 100,000 hands, who received about $4,500,000 in wages and produced an output valued at $22,600,000.

Carpets—The first yard of carpet woven in the United States came from a loom operated by William Calverly, in Loxley's Court, Philadelphia, in 1774. Mr. Calverly's product was found to be of greater quality and workmanship than the imported goods, and was held to be "worthy of exhibition at the Coffee House."

Now there are eighty-four carpet mills in Philadelphia, most of them in Kensington. Over twenty-two millions of dollars are invested in this industry, 10,363 people are employed, who receive each year $4,722,000, and weave 45,000,000 yards of carpet, the total value of which is estimated to be $22,629,000.

Carpets of every class are made in Philadelphia. Over 18,000,000 yards of ingrain were made in 1909. Twenty-four mills are weaving the finest grades of Axminsters, Wiltons and Brussels.

Hats—Among the other manufacturing industries in Philadelphia that are classed under textiles, may be mentioned fur-felt hats. Over ten millions of dollars worth of such hats are now made in this city each year, and the largest factory engaged in the industry in the world is located here. For quality and style, Philadelphia hats are far-famed and are worn in every part of the world. More than 20,000 of these hats are made in the city every day, and a year's product, if laid end to end, would reach from Philadelphia to Denver.

Silk—The silk industry is another important branch of Philadelphia's manufacturing activity. The beginning of this industry can be traced back to 1726, when its possibilities were mentioned by Penn in one of his numerous communications.

The first silk manufacturing plant of any importance in the United States was that established by William H. Horstmann, in 1816, at the corner of Third and Arch streets. A few years later the establishment was moved to Fifth and Cherry streets, where it is still in operation under the firm style of William H. Horstmann Company.

There are now forty silk factories in Philadelphia with an annual product valued at about $7,000,000.

Dyeing and Finishing—Philadelphia has long been noted as a center for dyeing and finishing of fabrics and yarns.

There are 104 establishments at the present time in Philadelphia devoted to this industry, the annual value of the product being $6,327,000.

IRON AND STEEL

The manufacture of iron and steel and its varied products has long been conspicuous among the activities of Philadelphia. A number of the early experiments with the steam engine were conducted here and the records show that Christopher Colles made in this city, in 1773, the first experimental steam engine that was successful. In 1786 John Fitch and Henry Voight, two Philadelphia mechanics, built the first steamboat that was able to demonstrate its practicability. In these early years of steam engineering, many important modifications in the design of the steam engine were made by mechanics of this city, prominent among whom was Oliver Evans, who, in 1809, established at Ninth and Vine streets, the first engine-building works in the city.

Locomotives — The largest single manufactory in Philadelphia is the Baldwin Locomotive Works, the greatest establishment of its kind in the world. The plant was founded by Matthias W. Baldwin, who was born in Elizabeth, N. J., December 10, 1795. When, in 1830, the experiments with the use of the steam engine as motive power on railroads began to attract the attention of engineers, Mr. Baldwin, who was then

E. W. Clark & Co., Bankers

engaged in the manufacture of bookbinders' tools and cylinders for calico printing, built a miniature locomotive for Peale's Museum. It ran on a circular track made of pine boards covered with iron and drew two cars, holding four persons. The ingenious application of several principles that had heretofore been unthought of in the construction of the steam engine, attracted much attention, and immediately Mr. Baldwin received an order for a locomotive for the Philadelphia, Germantown and Norristown Railroad.

In his little shop in Minor street, Mr. Baldwin began to work on his locomotive. It was difficult to get competent mechanics, and many necessary tools had to be made, but all obstacles were overcome by the genius and perseverance of the builder, and on November 23, 1832, "Old Ironsides," that famous classic in locomotive construction, stood upon the rails. It weighed a little over four tons and did not have tractive power enough to pull a loaded train on wet and slippery rails, hence the following notice, which appeared in the newspapers:

"The locomotive engine built by Mr. M. W. Baldwin, of this city, will depart daily, when the weather is fair, with a

train of passenger cars. On rainy days horses will be attached."

In 1835 the present Baldwin Locomotive Works had their origin, a shop being built at Broad and Hamilton streets. In 1873 the works of Richard Norris & Son at Seventeenth and Button streets, a rival concern, were purchased, and gradually the establishment has grown to its present proportions, covering an area of seventeen acres. An immense plant was begun at Eddystone, near Philadelphia, in 1906, which to-day covers an area of two hundred and twenty-five acres. When running to full capacity 20,000 men are employed, building 2,500 locomotives a year, or at the rate of one locomotive for each hour and a half of a working day.

Besides the railroads in the United States that are using Baldwin locomotives, engines built in this plant are running over many foreign roads. It may be said that practically all of the engines exported from this country are sent from this city. Every Philadelphian is justified in owning to a thrill of pride when he recalls that there is hardly a part of the world one can go where a Philadelphia made locomotive is not in use.

Machine Tools—In the construction of machine tools, Philadelphia has always held a conspicuous place and this industry to-day is an important factor in making the high standard of American products known throughout the world.

Rolling Mills—The last census showed that the eight rolling mills now in operation in this city are turning out products valued at $11,789,000. The largest of such establishments is the Midvale Steel Company, which handles contracts from the Government for the construction of armor plate, and also does an extensive business in the manufacture of heavy steel equipment, such as car wheels, roll shafts for sugar refineries and railway axles.

Tools, Foundry and Machine Shop Products—In the manufacture of tools, such as saws and files, Philadelphia leads every other city in the

Philadelphia Firsts

The first knitting mill in this country was established here in 1825. Today Philadelphia produces enough stockings to give two pairs a year to every man, woman and child in the United States.

Carpets were first made in Philadelphia. Now forty million yards of carpets and rugs, enough to put a belt around the world, are made in Philadelphia each year.

The first paper mill was started in Philadelphia.

The largest lace factory in the world is in Philadelphia.

The largest hat factory is in Philadelphia.

The first "movies" were made in Philadelphia in 1861 as a help to salesmen handling machinery.

The first anti-toxin was discovered in Philadelphia.

In Philadelphia was established the first bank in the colonies (1781) and the first mint for coining United States money (1792).

First bank chartered under the National banking system.

The first art school (1805) and the pioneer school for the training of teachers were founded here.

The oldest playhouse is here, and the first Shakespearean performance in the United States was given in Philadelphia.

Here was established the first "zoo," the first botanical garden (1728), the first subscription library (1731), the first American Philosophical Society (1740), the first water works (1799), the first Academy of Natural Sciences (1812), the first numismatic society (1858) and the first building and loan association in the United States (1831).

Philadelphia had the first public school (1689), the first paper mill (1690), the first Masonic Lodge (1730), the first medical school (1751), the first insurance company (1752), the first school of anatomy (1762), the first American dispensary (1786), the first magazine (1741), the first religious magazine (1746), the first medical book (1740), the first volunteer fire company (1736).

The first Arctic expedition from America left Philadelphia (1755), the first experiments on steamboats were made on the Schuylkill (1773), the first piano made in America was made here (1775), the first locomotive in America —"Ironsides"—was built here (1827), the first carriage propelled by steam (an automobile) was built here (1804), the first daguerreotype (the beginning of modern photography) was made here (1839), and here the first lightning rod was erected (1752).

United States. The great plant of Henry Disston & Sons, Incorporated, at Tacomy, may be said to date back to 1806, through William Rowland, who made the first saws in America. Four thousand men are now employed at these works and 9,000,000 saws, valued at $3,000,000, the excellence of which has made them famous the world over, are manufactured here each year. Although this firm has been active for more than a century, the greatest development of its business has taken place in the last fifty years.

There are a number of other firms doing an extensive business in this line.

According to the last census, there were 553 establishments in the city in 1909 engaged in producing iron and steel products, employing 21,962 wage earners; the value of the annual output amounting to $50,500,000.

Foreign Trade of the Port of Philadelphia

	Imports	Exports
1890....	53,936,315	37,410,683
1891....	59,427,890	33,674,355
1892....	60,006,791	58,541,457
1893....	66,122,147	49,402,482
1895....	48,802,676	35,043,093
1896....	43,840,836	39,567,376
1897....	48,072,672	47,305,273
1898....	31,419,997	56,244,436
1899....	41,222,528	60,950,065
1900....	51,866,002	78,406,031
1901....	48,043,443	79,354,025
1902....	47,750,342	80,383,403
1903....	59,995,431	73,531,968
1904....	53,890,106	71,393,254
1905....	60,180,901	63,278,070
1906....	70,801,273	82,564,389
1907....	79,869,942	94,832,480
1908....	63,432,007	109,261,436
1909....	68,884,146	84,286,440
1910....	88,403,451	73,266,343
1911....	83,626,647	69,956,380
1912....	85,038,185	69,069,730
1913....	93,209,678	76,315,344
1914....	96,483,412	65,182,514
1915....	72,947,524	90,666,461
1916....	95,801,175	197,660,231
1894....	53,726,963	40,500,786

SHIPBUILDING IN PHILADELPHIA

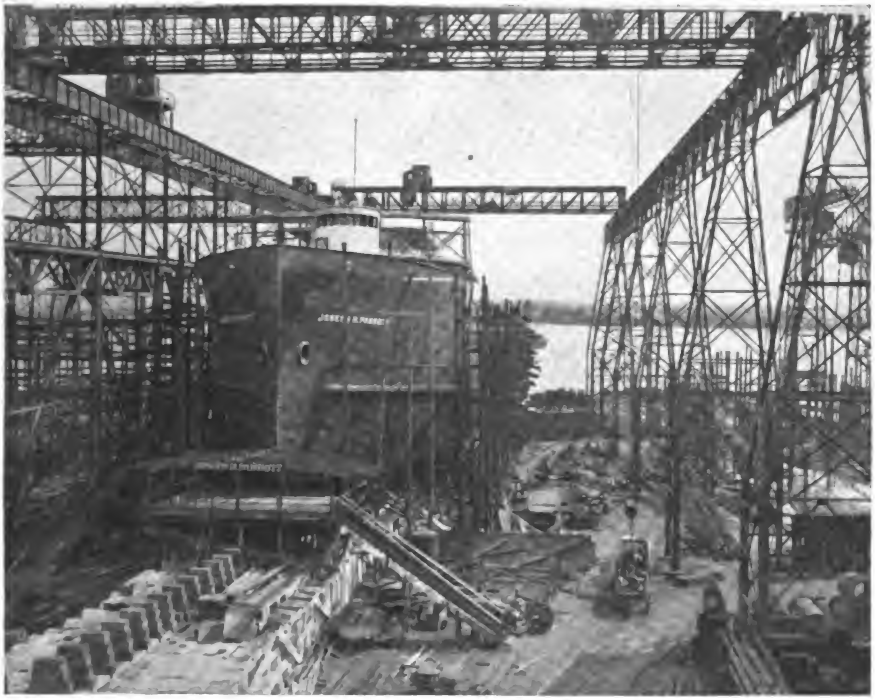
From the time of the founding of the city to the present, one of the principal industries of Philadelphia has been that of shipbuilding. In 1685, three years after the arrival of Penn in the colony, six seagoing ships and many boats had already been built in Philadelphia, and in 1700 there were four shipyards building seagoing vessels, besides smaller concerns which built river boats and fishing craft, together with shops engaged in industries related to shipbuilding, such as ropewalks, block and sailmakers shops.

During the colonial period it is estimated that 180 square rigged ships and over 700 brigs and schooners, besides smaller vessels, were built at Philadelphia, which led the Colonies in the size and total tonnage of ships constructed.

During the Revolution, Philadelphia took a leading part in the construction of vessels for the "State Navy" and continental navy, and a great number of privateers. The first squadron was composed of merchant vessels converted into men-of-war in the Philadelphia yards; these were followed by six frigates, four of which, the "Washington," "Randolph," "Delaware" and "Effingham," were built at Philadelphia.

Between the Revolution and War of 1812, there was great activity in American mercantile shipping, this country being the only neutral maritime nation during this period of warfare in Europe. This "boom" in American shipping had many points of similarity with the conditions of 1916. By the year 1801, the date of the Peace of Amiens, nearly three hundred home-built seagoing ships were owned in Philadelphia, and fourteen shipyards were in operation in this city, all building ships of the largest type.

The leading Philadelphia shipyard at that time was that of Joshua Humphreys, the foremost naval architect of his time. He and his yard were responsible for the design and construction of some of the vessels in the early



View of the Cramp Shipyards Showing a Ship Under Construction

navy of the United States, among them the frigates "United States" and "Philadelphia." The latter was the finest frigate of her day; her part in the war with Tripoli is well known. Many ships were constructed in the local yards for the East India and China trade. These were noted for their speed, which was an important factor during the period of European wars. The "Rebecca Sims," built in 1801, crossed the Atlantic from the Delaware Capes to the Mersey in fourteen days; and the "Woodrup Sims," built in the same year, ran from the Capes to Canton in 117 days.

After the War of 1812, the prosperity and growth of the shipbuilding industry in Philadelphia continued, many whaling ships for New England and fast transatlantic vessels for the "packet" lines being constructed. The American packets were remarkable ships. On account of their speed and general superiority, many of these ships were built for foreign owners. The clipper ship was the next development; many of these were built at Philadelphia, principally for the California trade during the rush following the discovery of gold in 1848.

The Civil War, and the changed economic conditions which followed it, put an end to the prosperity of American shipbuilding, and the change from wood to iron and steel as the materials of ship construction and from sails to steam as the propelling power, fundamentally changed the conditions of the industry.

The Delaware River, on account of its geographical position, within short distances of the coal and iron mining fields and near the centre of a large iron and steel making district, became as favorable a location for iron and steel ship construction as it had been for wooden shipbuilding.

In spite of the lessened volume of shipbuilding after the war, many important accomplishments must be credited to Philadelphia shipbuilders. Among other achievements may be mentioned the early use and successful de-

William Cramp & Sons, Ship and Engine Building Company

One of the Port's Piers for Handling Coal

One of the Wharves of the New York Shipbuilding Company, Camden, Used for Fitting Out the Completed Vessels

velopment of screw propulsion, the introduction of compound and triple-expansion engines for marine use; the building of the first large iron transatlantic screw steamers constructed in America, namely, the "Indiana," "Illinois," "Pennsylvania" and "Ohio," built by the Cramp yard for the American line in 1873; and the construction of many notable passenger and freight steamers as well as naval vessels. The first compound or double expansion engine built for a seagoing vessel in the United States was installed in the "Geo. W. Clyde"; the first marine triple-expansion engine was installed in the steam yacht "Peerless"; the first marine quadruple expansion engine installed in a merchant steamer in the United States was installed in the "Comanche," built for the Clyde line; all of these vessels with their engines were built at the Cramp shipyard. The first quadruple expansion engines installed in a transatlantic liner were the engines of the "St. Louis" and "St. Paul," built at the same yard.

A large part of the earlier steel navy of the United States was built on the Delaware, at the yards of John Roach, in Chester; Harlan & Hollingsworth, in Wilmington; Neafie & Levy, at Philadelphia, and William Cramp & Sons, at Philadelphia.

The Delaware has been called the "Clyde of America" on account of the shipyards located on this river, principally in the neighborhood of Philadelphia; at the present time some of the largest yards in the country are included among those in this section; notably, the William Cramp & Sons Ship & Engine Building Company, at Philadelphia; the New York Shipbuilding Company, at Camden; the Harlan & Hollingsworth Corporation, at Wilmington; the Chester Shipbuilding Company and the Sun Shipbuilding Company, at Chester; the Pennsylvania Shipbuilding Company, at Glou-

A View in Philadelphia's Wonderful Park System—Perhaps the Finest of any City in the World

cester, and the Pusey & Jones Co., at Wilmington.

In these yards can be built vessels of all types; in the principal yards those of the largest tonnage and highest speed, either for merchant or Government service.

In both the William Cramp & Sons and New York Shipbuilding yards, some of the best examples of war vessels have been constructed, both for the United States Navy and for the navies of Russia, Japan, China, Turkey and Argentina. No shipyards in existence are better equipped for building all types of vessels than these on the Delaware River.

PRINTING, PUBLISHING AND ALLIED INDUSTRIES

The art of printing has been practiced in this city since the very beginning of Philadelphia's history. A few weeks after the arrival of the first Colonists, a printing press was set up, and the first publication in book form which appeared in America was printed in Philadelphia by William Bradford, who published an almanac for the year 1687. Bradford's press was at Shackamaxon, near the present Penn Treaty Park.

Benjamin Franklin entered the printing business in this city in 1723. His "Poor Richard's Almanac" alone would have won him lasting fame, and for many years this publication kept Philadelphia prominently in the forefront as a publishing centre. Christopher Sower, in 1743, from his press in Germantown, published the Bible in German, and Robert Aitken, forty years later, printed the first English Bible published in America.

The name of Christopher Sower is also associated with the type-founding industry, he being the founder of the business that subsequently became, through Binney and Ronaldson, the celebrated house of L. Johnson & Co., now the American Type Founders Company.

Another name associated with this in-

dustry that comes down to us from those early days is Mathew Carey, who in 1804 set up the Bible in quarto form. This is believed to have been the first Bible in the world of that size that was kept standing in type. This firm subsequently became Mathew Carey & Son, and the business is now carried on by descendants of this family under the name of Henry Carey Baird & Co.

Among the houses that flourished in this city in the fifties and sixties may be mentioned Blanchard & Lea, J. B. Lippincott & Co., Lindsay & Blakiston and T. & J. W. Johnson & Co., names which are still identified with the publishing business in Philadelphia.

Eight daily newspapers are published in Philadelphia, five morning and three afternoon, as follows: The "Public Ledger," "North American," "Press," "Philadelphia Inquirer," "Record," all morning papers, and the "Evening Bulletin," "Telegraph" and "Evening Ledger."

There are now nine hundred and thirty-two printing and publishing establishments in this city, more than any other single industry in Philadelphia, employing 21,000 people, with an aggregate payroll each year of approximately $8,300,000.

In the manufacture of paper the quantity of the output from the mills of Philadelphia has declined since wood pulp has taken the place of rags in the process of manufacture, but this city still holds its prominence for quality.

The old Rittenhouse Paper Mill in Roxborough, near the Wissahickon Creek, built in 1690, and the Wilcox Mills, on the Chester Creek, built in 1729, kept Philadelphia identified with the manufacture of paper for many years. From the latter mill came the paper for the Continental money used during the Revolution and for the greenbacks of the Civil War.

There are now seven paper mills in Philadelphia turning out an annual product valued at $4,200,000.

Paper Boxes—The last fifty years has seen the manufacture of paper boxes develop into an important industry in Philadelphia.

The growth of this business is due largely to the fact that the public is being educated to demand better things in all lines, especially articles classed as "food products." The consumer buys with greater assurance of safety, sanitation and consequent satisfaction, when getting goods in the original package, as put up by the manufacturer, or producer, bearing the name, the brand or other evidences of identification on the outside, which place clearly the responsibility for the contents. There are numerous and large establishments in Philadelphia successfully meeting this new demand.

OTHER LEADING INDUSTRIES

Chemicals, Drugs and Paints—The chemical and paint industry in the United States had its beginning when Samuel Wetherill, in 1789, opened a white lead factory in this city, and in addition, began to manufacture at his drug store, at 65 North Front street, chemicals on what was then considered a large scale. In 1809 we read of Samuel Wetherill and his son, Samuel, Jr., operating a white lead factory on the present site of the Girard Trust Building. Descendants of this family are still engaged in the manufacture of white lead and paints. Harrison Brothers & Co., another old established chemical manufactory, had its beginning in 1793, when John Harrison, its founder, began to make sulphuric acid. Charles Lennig & Co., another old house; the Pennsylvania Salt Manufacturing Company and the Henry Bower Chemical Company, are among the leading chemical establishments in this city. It is estimated that there is more sulphuric acid made in Philadelphia than in any other city in the United States.

Although the chemical industry extends over a long period of our city's history, its greatest progress was made during the last fifty years, and in this development the ready market afforded by Philadelphia's varied and rapidly expanding industries has exerted a great influence.

In the manufacture of paint Philadelphia has long held a leading place.

For considerably over a hundred

The Bellevue Stratford

years the manufacture of medicinal preparations has been carried on in Philadelphia. Charles V. Hagner established at the Falls of Schulykill, in 1812, the first drug mill in the United States, and the Wetherills and the Harrisons, the founders of Philadelphia's chemical and paint industries, were compounders of drugs in the early days of the nineteenth century. The firm of Powers & Weightman was founded in 1818, and Rosengarten & Sons, in 1822. In 1905 these two firms were incorporated under the firm style of Powers-Weightman-Rosengarten Company, and are the largest manufacturers of the sulphates of quinine and morphia in the world.

Within a few years after the wonderful discoveries of Pasteur, during the period between 1870 and 1885, the biological and vaccine laboratories of the H. K. Mulford Company were established, and this firm is now one of the greatest manufacturers in existence of the vaccine virus for smallpox and numerous antitoxins and serums.

There are a number of other firms of manufacturing chemists doing an enormous business.

Soap—An industry that has had a remarkable development in this city during the last fifty years has been the manufacture of soap. Prior to 1860 practically all of the soap used in this country was imported from Europe. To-day the value of the annual output is $7,319,000, and the reputation of Phila-

delphia-made soaps for their purity and quality has won for the city's manufacturers in this line a large and increasing foreign market.

In 1860 there were eighty-seven establishments engaged in this industry, employing a capital of $3,435,833, and turning out an annual product valued at $5,076,196. To-day there are 275 establishments, employing a capital of $25,000,000, and producing goods each year valued at $35,000,000.

PETROLEUM — The manufacture of petroleum is naturally an important industry in Philadelphia, the richest oil wells in the world having been sunk in Pennsylvania. Petroleum and its products enter very largely into the commerce of this port, the exports in 1912 amounting to $21,302,244. The plant of the Atlantic Refining Company, located at Point Breeze, is one of the largest of its kind in the world. It covers an area of nearly 400 acres and has a capacity of 42,000 barrels of crude oil a day. Crude oil is piped to the city from Western Pennsylvania, West Virginia, Indiana, Illinois, and is brought in tank steamers from Texas and Mexico. The refined product is sent to nearly every country in the world.

LEATHER AND GLAZED KID—The tanning of leather began in this city in 1683, and in 1731 it was taking an important place in the exports from Philadelphia. The value of the leather manufactures amounts to more than $35,000,000 each year. Of this, $6,517,000 represents the value of the shoes made in this city. Philadelphia's reputation as a shoe center is world-wide and for quality, style and excellence of workmanship, the product takes high rank.

In 1888, the process of chrome tannage was discovered in this city by a chemist named Schultz who accidentally dropped the morocco bound end of his suspender into a solution of bichromate of potassium. He noted that the color of the leather changed to a bluish black and that it had undergone a complete change. He started a series of experiments along this line, but it was left for Robert H. Foerderer to work out a practical process that could be utilized commercially.

The annual value of this product is now $45,000,000 and combined with the output of Camden and Wilmington, Delaware, gives to this city first place among the glazed kid centres of the world.

SUGAR—Philadelphia is the second great sugar refining centre of the United States, the annual product of its refineries running from 375,000 to 450,000 tons—about 2,500,000 barrels of sugar with a value approximating $46,000,000. This product is exceeded only by that of New York.

Millions of dollars are invested in the great plants in this city, and the business, with its related industries, is a source of livelihood to a large number of people.

Sugar refining began in Philadelphia more than a century and a quarter ago. The bulk of the sugar consumed in this country before 1789 was from the Philadelphia refineries. In those early days there was a considerable consumption of maple sugar, which was considered as equal to the best sugar made from sugar cane; and it was then believed that the maple trees of the country would supply the demand for many years to come.

The Louisiana Purchase attracted attention to the sugar production of Louisiana and at once gave sugar cane precedence over maple trees as the source of the raw product, and except as a conserve and as confectionery the use of maple sugar has been practically abandoned. The improvements in refining machinery and methods about this time also proved a stimulus to the trade.

In 1830 there were eleven sugar refineries in Philadelphia. This number had dropped to eight in 1860, but the capacity of the eight was greater than of the eleven of thirty years before. The industry employed 478 men in 1860, and doing business on a capital of $1,546,000, produced sugar of a valuation of $6,356,700 in a year.

For the year 1866 the value of refined sugars produced in Philadelphia was estimated to be $20,000,000.

In 1870 there were thirteen refineries in Philadelphia with a capital aggregating nearly $5,500,000, and with a total product valued at $25,862,876.

The abandonment of some plants and the consolidation of others, has reduced the thirteen plants of 1870 to three at the present day, the largest of which is the Franklin Sugar Refinery, established in 1864. These three plants are modern in every respect and possess a greater capacity for production than the thirteen refineries of 1870.

The sugar industry of Philadelphia extends in its associated activities to nearly every part of the world. The raw sugars received at the refineries come from Cuba, Porto Rico, Hawaii, Java, the Philippine Islands, and both the East and the West Indies, contributing of their cane products.

The immense capacity of modern refineries is not generally known, nearly 2,000 tons of sugar having been refined in a day in one of the Philadelphia refineries. This is an output of from 10,000 to 12,000 barrels.

The receipts of raw sugar at the port of Philadelphia form a very important part of the commerce of this port.

LOOKING AHEAD

THIS brief summary of what Philadelphia has done, of what it is doing to-day, augurs well for the years that are to come. To that future the city looks with a confidence resting upon sure foundations. The lessons of industrial, commercial and financial progress have been learned and applied in Philadelphia — the world's greatest workshop.

America is privileged to spend her blood and her might for the principles that gave her birth and happiness and the peace which she has treasured. God helping her, she can do no other.—President Wilson.

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SEVENTY-FIRST YEAR MAY 1917 VOLUME XCIV, NO. 5

The Seven Billion Dollar Loan

NO more impressive event in the financial history of the United States States has ever occurred than when the American Congress, without a single vote being recorded in the negative, decided to issue $7,000,000,000 of credits as its first contribution to the prosecution of the war against Germany. What a distance has been traversed since Washington, with his ragged troops, was compelled to advance his own funds, or to borrow of the French officers, and when Robert Morris used his private credit to bolster up the Patriot Cause! And how it thrills the hearts of men to remember that France, which came to our aid, and possibly to our rescue, in that dark hour is at last to receive some little help from us in return!

But money is not enough. We must do as France did—give men who are ready to die in the cause of liberty; and that we shall do as quickly as circumstances will permit. It so happens, however, that our Allies need food and materials even more than they need men, and fortunately we are in a position to give them this assistance at once, for that is substantially what we do when we make loans to them.

These are among the first thoughts which the tremendous loan inspires. How the loans are to be placed and how they will be utilized in aiding the European countries with which we are now in alliance, these are matters which the Government is handling with great care and wisdom. That the vast credits will be well employed in carrying out the purpose for which they were created is certain.

It is understood by bankers, of course, that the bulk of the credits which we hand over to the European nations will be in turn used in buying American food products and war supplies. We exchange our credit for the credit of Great Britain, France, Russia, etc., and they use the credit thus obtained from us in buying supplies in this

market. It may be well for bankers to explain this process to their customers, for it will help in selling the bonds.

With its enormous wealth, exceeding $200,000,000,000, and with an annual income approximating $50,000,000,000, the United States should be able to place this first loan and such others as may be found necessary. The country must not only subscribe for vast war loans, but will have to submit to heavy taxation. This will be cheerfully and patriotically borne, for it is the price essential to our continued national existence.

HOW THE BANKERS MAY HELP

THE desire of everybody to do something to help in this time of national crisis is one of the gratifying signs of the times and an augury for ultimate effective effort on the part of our people in aiding to bring the war to a speedy and successful end. There is, of course, more or less confusion of plans and uncertainty as to just how one may go about it in helping the Government at this time. But gradually this confusion and uncertainty will disappear and the various organizations will bring into effective service all those who are so ready and willing to help in one way or another.

There are many things which bankers can do that will be of special value just now. They will naturally be called on to give assistance in the details of floating the vast Government loans, not only receiving subscriptions and attending to various matters in connection with the loans, but also giving their customers valuable counsel as to the benefits which will accrue to the country by a generous subscription to the loans.

The banks will, as a matter of course, keep the customary operations of trade and industry supplied with the credit facilities necessary to their operation at full capacity. This is a most important service, for it is necessary that production, in lines directly or collaterally related to the war especially, be speeded up to the full limit.

The bankers of the United States for some years have been engaged in a practical movement for increasing the output of the farms and the production of food animals. This is a work of supreme importance at the present time, and from their experience and knowledge, as well as on account of their close relation to the

farmers, the bankers are in a position to be of immense service to the country in helping to add to the production of food.

As citizens, the bankers will contribute their full share of the work which all must undertake, and they can be specially helpful on account of the leadership maintained in their communities in wisely coördinating local efforts.

"Service" has been for many years a word universally upon American lips. Events now give to all of us an opportunity to show that we mean what we say.

AN INOPPORTUNE MOVEMENT

ANNOUNCEMENT was made recently of a plan for organizing the Country Bankers League, with the following objects in view:

"To advocate legislation and executive orders in the best interests of the country and country banking, such as the restoration of reasonable exchange charges and fair regulation of interest rates and supervision. To oppose legislation hostile to members, such as increase in reserves and branch banking. To maintain an organization which will truly reflect nation wide sentiment among country bankers and to arouse necessary influences required to execute that sentiment. To render any and all other services to members as opportunities arise and as the executive committee may be directed by a majority of the league, in the several States and at Washington."

In the statement accompanying the announcement of the plan of organization it is declared that there is no existing organization which "is either willing or able to take proper care of the interests of country banks." It is further said:

"Country bankers as a class approve of the great fundamentals of the Federal Reserve Act. Their objections have been directed to minor matters that have no place in the measure, and yet have entailed especial hardship. Less than fifty state banks have joined the system, though more than 18,000 have had over two years to affiliate with it. A truly successful banking system should be of the character to attract membership by benefits conferred, benefits these member banks can pass on to be enjoyed by their customers, and yet signs are not lacking to indicate that state banks are to be forced into line by processes that most of them will yield to with

both loss and reluctance. For this reason the league makes its appeal for membership to state as well as national banks.

"Up to this time much legislation has been enacted without due regard to the welfare of country banks, the banks that represent about three-fourths of all banking institutions and respond to the financial needs of about this proportion of the nation's population. The reason for this is in part because country bankers have neglected to present their views and necessities to those in authority who are, perhaps, in such circumstances, not to be unduly criticized for their actions."

As the "country banks" constitute by far the greater percentage of the total number of banking institutions in the United States, their interests and welfare ought to receive due consideration and fair treatment. Under ordinary circumstances, the movement to form a separate organization to effect this might be both wise and necessary. But it may be doubted, at present, whether or not such a movement would do any good. These are times when all classes of banks, city and country, state, national, savings, private banks and trust companies, big banks and little banks, those in the East, the North, the South and the West, must all stand together, not for their interests alone, but for the welfare of the country. It is a time to find common ground on which all may stand, not a time to search out trivial differences as a basis for separate group action.

The plan for organizing the league of country bankers is not to become operative until approved by 2,500 banks. Under prevailing conditions it would seem wise for the bankers of the country to defer the formation of this organization until a more opportune time. The carrying out of the objects which the proposed organization has in mind may well wait upon graver issues now confronting all of us.

HOW WILL BUSINESS FARE UNDER PRESENT CONDITIONS?

THIS is a most important question, for while it is necessary to raise all the funds which the Government may require in carrying out its war plans, it is hardly less essential to see that the ordinary and extraordinary requirements of manufacturing and trade are adequately cared for by the banks. As the banks are not to be called on directly at first for placing the Government loans, it would seem that they should be able to take care of the

business demands. These are likely to prove far heavier than usual, but the banks are exceptionally well provided with funds.

How are the subscriptions for the loans to be met by individual investors?

Few people have any large amount of funds not employed in one way or another. Contrary to the general belief, the very rich even do not have their pockets bulging with money, and probably not a very large amount to their credit at the banks. A man who is reputed to be rich very likely has his funds pretty well employed, and if asked suddenly to put a large amount of money in some new form of investment—such as Government bonds, for example—he could do so only by disposing of some of his present investments or by borrowing of his bank. Should he adopt the former course, this might mean, in time, the stinting of other enterprises for the sake of buying United States bonds, and in the long run this might lead to reduction in the manufacture or production of some of the commodities of which our Allies stand in urgent need. Even where people have surplus funds in bank, these funds are now in use in the ordinary channels of trade to some extent, though not altogether, for the banks have a large surplus reserve, and their depositors may draw on this for the purpose of buying Government bonds, and without any dislocation of industry and trade. The question remains, however, as to how far this surplus reserve will suffice.

If depositors withdraw their deposits from savings banks for the purpose of buying the bonds of the Government, this will cause some temporary local disarrangement, because savings banks can not go very far in the process of paying off their deposits without disposing of their securities, or by a cessation of the purchase of new securities. This will tend, for a time at least, to take capital away from the sources to which it has been going through savings bank investments. But while individual banks, and even certain localities as well as certain industries may lose through this process for the time being, the tendency in the long run will be toward a restoration of the former equilibrium and even toward a greater supply of funds all round.

The transfer of capital from where it is now employed to the Government will mean—largely though not wholly—that this capital will be used by the Government in producing the things it needs for carrying on the war. So far as this capital is devoted to productive purposes, this will mean that production, and exchange as well, has simply taken a new direction, the Government to a certain extent taking the place of the private employer. As production therefore goes on under this new arrangement, the demand for materials and for labor, while shifted to a certain extent, will increase rather than decrease. Thus the community at large will be doing more business than before, and as the distribution of the earnings

of this new activity goes on, individual banks and particular localities will not only largely regain what they lost at the inception of the new process, but may be better off than they were before.

While, therefore, it seems certain that in the near future the Government will enter more largely into general enterprise than it has done heretofore, and to some extent will supplant private enterprise, it does not appear that this will tend to curtail production and trade, and there appears solid ground for believing that we shall have great business activity so long as the war is in progress.

THE WAR LOAN ACT

FOLLOWING is the text of the War Loan Act, approved April 24, providing for an issue of $5,000,000,000 of United States bonds:

An Act To authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this Act, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law not exceeding in the aggregate $5,000,000,000, exclusive of the sums authorized by section four of this Act, and to issue therefor bonds of the United States.

The bonds herein authorized shall be in such form and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate and time of payment of interest, not exceeding three and one-half per centum per annum, as the Secretary of the Treasury may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value and shall be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States, or its possessions, or by any Sate or local taxing authority; but such bonds shall not bear the circulation privilege.

The bonds herein authorized shall first be offered at not less

than par as a popular loan, under such regulations prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein; and any portion of the bonds so offered and not subscribed for may be otherwise disposed of at not less than par by the Secretary of the Treasury; but no commissions shall be allowed or paid on any bonds issued under authority of this Act.

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase, at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this Act; to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States issued and used for the purchase of such foreign obligations shall thereafter be converted into other bonds of the United States bearing a higher rate of interest than three and one-half per centum per annum under the provisions of section five of this Act, then and in that event the obligations of such foreign governments held by the United States shall be, by such foreign governments, converted in like manner and extent into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section five of this Act. For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $3,000,000,000, or so much thereof as may be necessary: *Provided,* That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

SEC. 3. That the Secretary of the Treasury, under such terms and conditions as he may prescribe, is hereby authorized to receive on or before maturity payment for any obligations of such foreign governments purchased on behalf of the United States, and to sell at not less than the purchase price any of such obligations and to apply the proceeds thereof, and any payments made by foreign governments on account of their said obligations to the redemption or purchase at not more than par and accrued interest of any bonds of the United States issued under authority of this Act; and if such

bonds are not available for this purpose the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at such time be subject to call or which may be purchased at not more than par and accrued interest.

SEC. 4. That the Secretary of the Treasury, in his discretion, is hereby authorized to issue the bonds not already issued heretofore authorized by section thirty-nine of the Act approved August fifth, nineteen hundred and nine, entitled, "An Act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes"; section one hundred and twenty-four of the Act approved June third, nineteen hundred and sixteen, entitled "An Act for making further and more effectual provision for the national defense, and for other purposes"; section thirteen of the Act of September seventh, nineteen hundred and sixteen, entitled, "An Act to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and a naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries, to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes"; section four hundred of the Act approved March third, nineteen hundred and seventeen, entitled, "An Act to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications. and for other purposes"; and the public resolution approved March fourth, nineteen hundred and seventeen, entitled, "Joint resolution to expedite the delivery of materials, equipment, and munitions and to secure more expeditious construction of ships," in the manner and under the terms and conditions prescribed in section one of this Act.

That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time, in addition to the sum authorized in section one of this Act, such additional amount, not exceeding $63,945,460 as may be necessary to redeem the three per cent. loan of nineteen hundred and eight to nineteen hundred and eighteen, maturing August first, nineteen hundred and eighteen, and to issue therefor bonds of the United States in the manner and under the terms and conditions prescribed in section one of this Act.

SEC. 5. That any series of bonds issued under authority of sections one and four of this Act may, under such terms and conditions as the Secretary of the Treasury may prescribe, be convertible into bonds bearing a higher rate of interest than the rate at which the same were issued if any subsequent series of bonds shall be issued at

a higher rate of interest before the termination of the war between the United States and the Imperial German Government, the date of such termination to be fixed by a proclamation of the President of the United States.

SEC. 6. That in addition to the bonds authorized by sections one and four of this Act, the Secretary of the Treasury is authorized to borrow from time to time, on the credit of the United States, for the purposes of this Act and to meet public expenditures authorized by law, such sum or sums as, in his judgment, may be necessary, and to issue therefor certificates of indebtedness at not less than par in such form and subject to such terms and conditions and at such rate of interest, not exceeding three and one-half per centum per annum, as he may prescribe; and each certificate so issued shall be payable, with the interest accrued thereon, at such time, not exceeding one year from the date of its issue, as the Secretary of the Treasury may prescribe. Certificates of indebtedness herein authorized shall not bear the circulation privilege, and the sum of such certificates outstanding shall at no time exceed in the aggregate $2,000,000,000, and such certificates shall be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States, or its possessions, or by any State or local taxing authority.

SEC. 7. That the Secretary of the Treasury, in his discretion, is hereby authorized to deposit in such banks and trust companies as he may designate the proceeds, or any part thereof, arising from the sale of the bonds and certificates of indebtedness authorized by this Act, or the bonds previously authorized as described in section four of this Act, and such deposits may bear such rate of interest and be subject to such terms and conditions as the Secretary of the Treasury may prescribe: *Provided,* That the amount so deposited shall not in any case exceed the amount withdrawn from any such bank or trust company and invested in such bonds or certificates of indebtedness plus the amount so invested by such bank or trust company, and such deposits shall be secured in the manner required for other deposits by section fifty-one hundred and fifty-three, Revised Statutes, and amendments thereto: *Provided further,* That the provisions of section fifty-one hundred and ninety-one of the Revised Statutes, as amended by the Federal Reserve Act and the amendments thereof, with reference to the reserves required to be kept by national banking associations and other member banks of the Federal Reserve System, shall not apply to deposits of public moneys by the United States in designated depositaries.

SEC. 8. That in order to pay all necessary expenses, including rent, connected with any operations under this Act, a sum not exceeding one-tenth of one per centum of the amount of bonds and

one-tenth of one per centum of the amount of certificates of indebtedness herein authorized is hereby appropriated, or as much thereof as may be necessary, out of any money in the Treasury not otherwise appropriated, to be expended as the Secretary of the Treasury may direct: *Provided,* That, in addition to the reports now required by law, the Secretary of the Treasury shall, on the first Monday in December, nineteen hundred and seventeen, and annually thereafter, transmit to the Congress a detailed statement of all expenditures under this Act.

The War Finance Plans

By ALEXANDER DANA NOYES, Financial Editor of the New York Evening Post

ABSOLUTELY unprecedented as the war finance proposals at Washington have been, they did not take either Wall Street or the public at large entirely by surprise. The experience of the European belligerent states since July, 1914, had changed the whole world's point of view; first, as to what such a war as this would cost. second, as to the capacity of a wealthy nation in these days for raising loans and bearing taxes. As against a maximum estimate, prior to August, 1914, of $54,000,000 per day as the cost, to all belligerents combined, of a "general European war" in the twentieth century, we had seen this average daily cost to twelve European belligerents, after less than two years of fighting, go above $100,000,000. We had seen Great Britain increase her yearly tax bill nearly $2,000,000,000 over that of the fiscal year before the war; the German people subscribing $3,025,000,000 to a war loan in a single month of 1915, and the English people similarly take this year a loan for $5,000,000,000.

Events in the financial field had unfolded themselves on no less unprecedented a scale of magnitude in neutral America. As against a maximum of $2,484,000,000 in our merchandise export and import trade combined, during any calendar year before this war, we had seen the figure rise to $5,333,000,000 in 1915 and $7,872,000,000 in 1916. It had taken sixteen years to double our annual exports of 1897; practically two years trebled those of 1914. Prior to 1915, investment of American capital in foreign securities had been negligible. European markets had been relied upon to take several hundred millions annually of our own new securities.

Figuring from Mr. Loree's estimate of $2,704,000,000 railway securities held outside the United States on January 31, 1915, with allowance for industrial security holdings and for liquidation during July, 1914, the total amount held abroad just before the war was probably $3,500,000,000. Yet in the past two years, as every one knows, American investors have taken nearly $2,500,000,000 of newly issued foreign securities, and have done so while repurchasing an almost equal sum of our own securities from Europe. Last

year's import of gold into the United States was $685,700,000, as against a maximum of $158,100,000 in any year before 1915, and the country's actual holdings of gold this March were $1,081,000,000 greater than in August, 1914. Accepting the Treasury's estimate of total holdings, they had doubled in the two and a half years, whereas it had required the fifteen years preceding the last-named month to double the smaller total holdings of 1899.

By these remarkable statistical results, in Europe as in this country, the American financial mind had unconsciously been prepared for the recent announcements of our government's finance plans. It was further prepared by authoritative public statements. Immediately after the diplomatic break of February 3 with Germany, the Governor of the Federal Reserve Board declared that if war should come, the country from a financial standpoint would be "ready to meet anv contingency that is likely to arise." On March 20, he supplemented this prediction by publicly stating his opinion that "this government should in that contingency extend to the Allied Powers a credit of one billion dollars." Startled at first by this proposal, the newspapers quickly carried the idea to an impulsive extreme. Not only did a two or three billion dollar credit of this sort find place in everyday discussion, but in some quarters the suggestion of an outright gift of a thousand million dollars to France was actively canvassed. All this illustrated what was in the public mind.

The announcement at Washington, in the first week of April, that a $5,000,000,000 loan, a $2,000,000,000 credit in Treasury bills, and a tentatively suggested $1,750,000,000 in new taxation, were under discussion, created therefore less astonishment than might otherwise have been anticipated. Yet a few comparisons will illustrate the magnitude of the proposed operations. The largest single loan ever raised by the United States was the issue of $800,000,000 "seven-thirties" under the Act of June 30, 1864. That was in reality made up of three loans, placed with investors on three separate occasions, nearly a year apart, and maturing at three separate dates. Of loans actually placed in a single block, on a single subscription day, the largest in our history was the $200,000,000 three per cent. issue of the Spanish War, which was floated at par in July of 1898, and was seven times oversubscribed. A $5,000,000,000 loan would make our outstanding public debt more than six times as great as it was at the end of the fiscal year 1916 (when it stood at $971,562,000) and larger by nearly 150 per cent. than the $2,381,530,000 debt of August 31, 1865, just before the reduction of the Civil War indebtedness to a peace footing had begun. If a $5,000,000,000 loan and $1,750,000,000 tax receipts were to be used up in the public expenditure of a single fiscal year, the outlay thus represented would be nearly double the cost of the Civil War.

In Great Britain, the largest single borrowing of its history until this war was the $300,000,000 three per cent. loan of the Transvaal War, placed at 94½ in April, 1901, and subscribed four times over. Its initial loan of the present war, in November, 1914, was for $1,701,000,000, with an interest rate of three and one-half per cent., and an issue price of 95. The two loans put out to cover the English public deficit of the first twelve months of fighting footed up only $4,549,000,000, and the German Empire's two war loans of the same period (five per cents., sold at 97½ and 98½ respectively) had an aggregate face value of only $3,380,000,000. Germany's highest achievement in a single loan (unless we accept as final the recent $3,192,000,000 estimate of subscriptions to the loan which was placed last April) was the $3,025,000,000 borrowing of September, 1915; Great Britain's, the $5,000,000,000 loan of last February—for $653,500,000 of which, however, subscription was made in Treasury bills issued several months before.

If all of Great Britain's net borrowings during the fiscal year ending with last March (including Treasury bills and exchequer bonds of short maturity)

are combined, the total as stated by Mr. Bonar Law to Parliament would be $8,122,000,000. The twelvemonth's revenue from taxation, $2,867,000,000, compared with a revenue of $991,000,000 in the British fiscal year ending March 31, 1914. This would indicate a larger yearly expenditure for war than the highest sum named in the American figures—this notwithstanding that the increase in Great Britain's annual tax roll since 1914 ($1,876,000,000) is only a little more than the increase tentatively discussed for a single year for the United States.

But as regards the war loans both of England and Germany, it can hardly be overlooked that the highest figures were reached only after more than two years of enormously expensive military operations; when both countries were under their maximum burden of actual warfare; when both had several millions of men at the active front; when each was using, as we propose to do, a good part of their war loan proceeds for advances to their weaker Allies—England having thus far advanced about $4,400,000,000 to her Allies and Dominions; and when England, in addition to all this, was maintaining and supplying fleets and armies, vastly larger than what are contemplated for the United States, pretty much throughout the world.

We shall be able to judge this aspect of the matter more clearly when the Administration shall have submitted a budget of war expenditure for the coming twelvemonth, or for the fiscal year beginning July 1. In advance of this, two things may be safely asserted—first, that the Government was wise in asking a vote of credit by Congress which would cover all possible requirements; second, that the moral effect of the huge aggregate thus named was certain to be very great, both in encouraging our Allies and in convincing Germany that the United States was in earnest in its participation in the war.

There are, however, several practical questions which arise at once, and which have a definite bearing on the action of Congress. One concerns the ability of the American money and investment market to respond to these quite unprecedented requisitions, and, as a natural consequence, their probable effect on financial values and on the financial situation generally. It must be remembered in the first place that, although England particularly, and the Continental states in a less degree, have imposed a similar burden on their people, the United States is approaching the test under somewhat different circumstances.

The floating of the huge European war loans was preceded by action of the governments concerned, prohibiting investment of the capital of their markets in any other securities than war loans, except by the Exchequer's consent. What this meant in England, for instance, may be judged from the fact that the London "Economist's" record shows the total of new miscellaneous home and foreign securities subscribed by London investors in a single year, prior to this war, to have risen as high as $1,300,000,000. In the calendar year 1915 only $62,500,000 of any securities but war loans were taken at London; in 1916, only $31,900,000.

Not only is the American market approaching its new test with no such particular precaution, but by the very circumstances of London's temporary abdication of its former function as the central lending market of the world, is to undertake the purchase of foreign securities on a scale never previously witnessed. The South American countries; China; Canada so far as concerned other than war loans; even such European governments as Switzerland and the Scandinavian States, were suddenly cut off from their habitual recourse to the investment markets of England, France or Germany. Their home requirements continued and there was nowhere for them to turn for supplies of capital, but to the neutral United States, where they have in fact raised something over $400,000,000 since the war began. This task, assumed by us in our period of neutrality, must apparently be continued to at least a very considerable extent in our period of belligerency. So

must our financing of the needs of our own home cities and corporations.

What, then, will be the effect on our markets of the immense additional requisitions of our own Government, for its own war purposes and for financing the needs of its Allies? To answer that question it will be necessary first to measure the absorbing power shown by the American markets, during the past two years of war time. The facts in this regard I have already stated briefly. As Mr. Warburg of the Federal Reserve Board lately put it, the United States, through re-purchase of its own securities from Europe and through subscription to new securities of foreign states, belligerent and neutral, has invested very nearly $5,000,000,000, or considerably over two thousand millions per annum. This was done while the new securities of our own home enterprises were being financed in at least the average amount.

Aggregate par value of the stocks listed on the New York Exchange during 1916—reckoning only those which were issued to raise new capital, and which were virtually all put out by domestic railway and industrial corporations—footed up $479,000,000, which was actually larger than in any preceding year—for even the "billion-dollar Steel Corporation stock" of 1901 was almost wholly issued to take up other capital issues already outstanding. All this unprecedented investment activity of last year occurred, moreover, without depriving American trade and industry of any of their usual credit facilities; without any general tightening of money rates, and without any consequent disturbance of the stock and bond markets. The period was, in fact, characterized on the one hand by a series of prolonged and spectacular "bull movements" in stocks, and on the other by repeated testimony of investment houses that the supply of new securities in their hands was inadequate to meet the demands of customers.

This story of 1915 and 1916 in the American markets is familiar to every one; it was the ground for such statements regarding our financial situation and resources as that of the governor of the Federal Reserve Board, already quoted. But it does not wholly settle the question, how these markets would be affected by the new and very large requisitions proposed by our own Government. Leaving the question of new taxes for the moment out of consideration and assuming (as is proper) that the $2,000,000,000 authorized Treasury bills or "certificates of indebtedness" will be issued only in anticipation of early collection of such taxes or early issue of a funded loan, there will remain for consideration the $5,000,000,000 bonds which the Government may put out.

Of these, the $3,000,000,000 which are to be used for advances to the Allies, in exchange for securities of their own at a similar rate of interest, stand in a somewhat separate relation to the market. At this writing no information as to the actual time and manner of making these advances has been vouchsafed. One $200,000,000 loan had been made to England during April; but for the rest, our Treasury's plans presumably awaited the forthcoming conference with the visiting statesmen of our Allies. The problem will not be altogether simple, since the question must be settled, not only regarding loans to France and England, but to states in far inferior present credit such as Italy and Russia. But so far as our own investment markets are concerned, it may be presumed that, in a general way, the purpose will be to substitute new United States Government bonds for new bond issues by these governments themselves.

Within the past twelve months our present Allies have placed something more than $1,000,000,000 of such special loans in the American market; mostly, of late, in the form of two or three year bonds redeemable here in gold, secured by deposit of American and foreign securities as collateral and placed on terms which netted investors six per cent. or more. Supposing that the United States Government were to put out, in the next twelve months, only as much of the authorized $3,000,000,000

as would otherwise have been asked for by the European governments on their own securities, it is obvious that actual prospective demand on capital would not be increased by the process. The inducement of the high rate of interest offered on the recent Allied bond issues would no longer exist, but it would be offset by the pledge of our own governmental credit, which would set at rest the lately rather prevalent, even if unreasonable, misgiving among some investors over the capacity of the European belligerents to meet their obligations at maturity.

There would still be left three considerations. One is, whether United States bond issues for that purpose would be restricted to the amount which our Allies would otherwise have raised in a given period by sale of their own bonds in this country, or would be made to cover also that part of the European purchases in America which has been paid in gold. The second consideration naturally is, what would be the effect of the additional $2,000,000,000 borrowings of our Government for its own war purposes. But the third, on which the other considerations would largely depend, has to do with the question, at what intervals and in what separate installments both kinds of Government borrowings would be made.

Experience and the principles of sound finance would certainly dictate issuing the $5,000,000,000 authorized bonds only at intervals pretty widely separated, and in amounts representing only a fraction of the total. From the market's standpoint, the advantage of this recourse would be that capital would not be swamped by so great an immediate requisition as to divert supplies from other legitimate quarters and disturb the money market. From the government's standpoint, it would ensure a more favorable interest rate, because, by entering the market at reasonably separated periods, the loans would get the advantage of accruing capital in the interval.

The question whether our advances to the Allies should be made to cover the whole of their American purchases (estimated lately by the British Exchequer as $10,000,000 daily) is partly answered by the fact that this very estimate would require $3,650,000,000 annually for the purpose, whereas the authorized issue has been limited to $3,000,000,000. But it must also be considered in the light of the further question, whether, while creating this great volume of new credits, our markets can safely dispense altogether with the gold imports which have thus far accompanied the loans to foreign governments. The British Treasury and the London banking community have all along been insistent on the fact that these gold shipments to America were explicitly intended to provide a basis for the credits established in our markets to finance the Allies' purchases. Substitution of United States bonds for bonds of the Allies may not alter that aspect of the matter—especially when our Government's borrowings for its own account are added.

As to how these borrowings from the $2,000,000,000 portion of the authorized total would affect the markets, that is a problem by itself. If put out in separate installments, the demand on capital resulting from their issue would presumably be offset in part by cessation of foreign sales of our own securities. In England, where the bulk of the remaining foreign holdings are lodged, the securities themselves are now under government control. They would almost certainly be held back from market if the exchange position were to be regulated by our Government's advance of credit. Now the actual return of such securities, during 1915 and 1916, was not much less than $1,000,000,000 annually. If that requisition on the absorbing power of American capital were to be removed precisely that much capital would prospectively be released for new United States bond issues.

Beyond these considerations, the market situation must be left to develop for itself, in accordance with influences not perhaps yet visible. The enormous increase in the country's wealth and investing power, since 1914, has been one

of the outstanding economic phenomena of the day. It doubtless had its origin partly in the fact that the United States was the one great financial Power not engaged in the European war, which brought to us foreign trade, domestic business activity and profits, and accumulations in our banks of both home and foreign capital, such as had never been approached in our previous history. But it does not follow that these advantages will be lost through our entry into the war. On a smaller scale, very similar advantages have been enjoyed by Japan and Canada, both of whom were belligerents from the start.

We shall continue to make and sell material of war to our Allies on a prodigious scale, though probably not in the form of finished munitions and possibly not on so profitable a scale of prices. Unless the process is interfered with by unwise administration of the Government's borrowing powers, we shall necessarily continue our task as the war-time money centre of the world for neutral nations, with the command of neutral capital which that involves. Aside from these facts, it would not be wise to attempt to judge the precise effects on the money and investment markets.

The wisdom or unwisdom with which the war taxation is arranged will have some bearing on the outcome. It is as yet not wholly clear how far the remarkable equanimity of the stock and bond markets, in the face of our entry into war and our plans for Governmental borrowing, has reflected belief in their own capacity for the largest requisitions, and how far belief that recent developments foreshadow an early ending of the war. Far superseding all these other considerations is the moral as well as tangible effect which this display of financial power by America, and our readiness to throw it into the scale of war, will exert on the European situation. These new aspects of the war emphasize an often-quoted statement of the German General Bernhardi, in forecasting, some years ago, the character and probable results of a great European war:

"Where in an indecisive struggle the adversaries keep each other in check, * * * success will ultimately fall to him who can boast of the highest moral energy and self-sacrificing spirit; or, where on both sides the moral motives are of an equally high standard, can hold out financially longest to finish the war."

THE cultivation of thrift is not to be reckoned wholly in terms of economics. The steadiness, the industry, the sobriety, the respect for property, which are fostered among thrifty and frugal people, are political virtues that make for stability and permanence of government.

—Frank C. Mortimer.

The Concentration of Taxes Upon Wealth and Business

By T. S. ADAMS, Professor of Political Economy, Sheffield Scientific School, Yale University

[Although this paper was prepared before the United States had declared war against the Imperial German Government, and relates to the general policy of taxation as distinguished from that made necessary by the war, it is peculiarly applicable to the present situation. In dealing with the past taxation policy, Professor Adams states: "That nothing ought to be done calculated to injure the work of national defense. If for that purpose new burdens must be laid upon wealth and business, they will be accepted without bewailing and cheerfully borne."

Considering the necessity for economy, Professor Adams says:

"The occasion should be turned to the elimination of waste and the achievement of greater economy in the public business.

"The best source of revenue is sensible saving.

"In time of war, waste and extravagance constitute a species of petty treason. This applies to the household economy of the ordinary citizen. But it applies with even more force to the great household of the State."—Editor.]

THE tax problem at the present time represents such an accumulation of horrors that it is almost amusing. If it were a little less tragic, it would be positively comic. The state and local governments, it may be recalled, were well advanced in an orgy of public spending when the war broke out. Between 1903 and 1913, for instance, state and local expenditures—"governmental cost payments" to use the precise terminology—increased more than one hundred per cent., far outstripping the growth of the population and markedly exceeding the increase of private wealth. Then the Federal Government, which had not been standing still by any means, got under way, and although we prepared little and waited long, it cost a great deal of money to watch and wait. Now comes "horrid war" itself, with the experts clamoring that so far as may be humanly possible, the colossal war expenditures shall be financed by new taxes rather than by loans.

While all classes of people have been more or less affected, the full fury of this fiscal storm has spent itself upon a comparatively few heads. In the decade preceding the war, when the state and local governments were striking their full spending stride, assessments on all classes of property were increased. Merchants and manufacturers, together with the owners of credits and securities of all kinds, had been markedly under-assessed in most states. Much of this slack was taken up. In one way or another these classes were subjected to higher taxes. The inheritance tax spread rapidly among the states, its administration was perfected, and the rates increased. Special franchise and corporate excess taxes were imposed with greater severity. Wisconsin adopted an income tax, Virginia strengthened its old income tax, Connecticut, West Virginia and Massachusetts followed the example of Wisconsin and introduced new income taxes, particularly upon corporations and business.

The Federal Government, when its call came, turned to the same sources. An income tax, rising to fifteen per cent. on the largest incomes, has been imposed on the wealthier one per cent. of the

population. A Federal inheritance or estate tax, reaching to-day what a few years ago would have been considered the drastic rate of fifteen per cent. has been introduced, again upon the restricted class leaving or sharing in estates with net assets worth more than $50,000. The income tax on corporations has been pushed from one to two per cent. and has been supplemented by a capital stock tax, a munition manufacturers tax, and an excess profits tax. Meanwhile the old traditional indirect taxes of the Federal Government have been expanded very little. Indeed, since the outbreak of the European war we have repealed or softened certain of the indirect taxes. As late as 1909 the Federal Government was collecting practically no taxes other than customs and internal revenue duties. In the current fiscal year, however, income, inheritance, and munitions taxes will yield half as much as the old indirect taxes; and next year the receipts from direct taxes upon wealth and business will be relatively larger. Doubtless some direct taxation was needed in 1909. The Federal Government had depended too exclusively upon indirect taxes, and an income tax was unquestionably needed to balance the system. The inheritance tax, moreover, in an affective form, was long overdue in the United States. But we have rushed to the opposite extreme. The concentration of new burdens upon wealth and business has been too sudden to be wholesome. Those who pay the higher rates under the income tax will also pay the higher rates under the Federal inheritance tax—or their estates will pay—and the corporations which the same classes control and largely own will pay practically all of the corporate income, excess profits, capital stocks, and munitions taxes.

The corporate income tax is especially severe upon holding companies and corporations with large indebtedness, because dividends received by one corporation are not exempt even though they have been taxed as part of the income of the corporation which paid them, while the limitation upon the interest deduction intensifies and multiplies this double taxation. Public service companies have, perhaps, been most severely punished. In the first place, they are probably more severely assessed under the property tax than any other important form of business or property. Wisconsin, for instance, is by no means the harshest state in the Union in its attitude toward public service companies, yet the steam railways last year paid ordinary advalorem taxes which represented 6½ per cent. of the gross operating income and twenty-five per cent. of the net operating income earned in that state. These companies in many other states have additional franchise taxes to pay. Being holding companies in many instances, they suffer from the double tax features of the Federal income tax law. Holders of railway stock, moreover, are taxed with unusual efficiency under state and Federal inheritance taxes. Stock in an American railway company owned by a foreign citizen and held abroad will be taxed on his death both by the Federal Government and in many American states if the railway operates therein.

Such, in rough outline, is the thickening jungle of present-day taxes. What ought the reasonably conscientious and patriotic business man think about it? More practically, what can he do about it? Is there any path out, and if so, in what direction does it lie?

RESPONSIBILITY FOR THE PRESENT TAXATION POLICY

To answer these questions it is necessary to take a hasty glance at the semi-political factors which are shaping our financial policy at the present time. It is unnecessary to inquire who is responsible for the increased expenditures, although it could be demonstrated, I believe, that practically all political factions and all classes of society are jointly responsible for the striking increase of public expenditures in recent years. So far as taxes are concerned, however, the case is slightly different.

The peculiar twist which they have taken is explained first of all by the progressive-liberal elements in both parties who believe in taxing those who have ability to pay. Hoi polloi, demos, the demos without taxable property but with many votes, is most of all responsible for the concentration of taxes upon business and wealth. The sedulous avoidance of taxation upon consumption, however, is explained partly by the fact that demos is awake to the shifting of indirect taxation, and partly to the fact that the Democratic party is in power. To detest protective tariffs is the first step towards a general preference for direct over indirect taxation. And this natural inclination of the Democratic party has been measurably assisted by the prominence of single taxers in the councils of the party. Indeed, a group of single taxers organized into an Association for an Equitable Income Tax has been active in urging the increase of Federal income taxation, partly because of their preference for direct taxes, and partly in order to prevent the state and local governments from introducing the income tax and thus diminishing the burden on real estate.

But the worm threatens to turn. Although the corporate excise and income taxes were accepted in the first instance with surprisingly good grace, the taxpayers involved are now growing restive under the cumulative burden, and something in the nature of a revolt is slowly beginning to crystallize. This quasi revolt has, of course, the moral support of those elements of the Republican party which believe in collecting taxes through the custom houses and are not afraid of openly championing the cause of big business. Meanwhile an unexpected ally has appeared in those state legislators and officials who are charged with the difficult task of raising the growing revenue required for state and local expenditures. The increasing use of corporation, income and inheritance taxes by the Federal Government, it appears, threatens seriously to interfere with the exploitation of these sources of taxation by the state and local governments. The Legislature of California recently proposed to the legislatures of the various states the project of holding a Congress of the states, for the purpose of establishing "definite lines of division between Federal and state income and inheritance taxes," and a number of state legislatures have adopted resolutions endorsing the project. In the State of New York an important committee of the State Tax Association, numbering among others Prof. E. R. A. Seligman, Ogden L. Mills and Francis Lynde Stetson, has recently discussed the relations of state and Federal taxation in a powerful report which will undoubtedly exercise wide influence.

Finally, and most important, is the imminence of war and the burst of patriotic good feeling with which in all probability it will be inaugurated. For the moment those great banes of tax reform—inertia, class selfishness, and the timidity of the politicians—will sink into the background. The time is uniquely opportune to place Federal taxation upon a broad basis of democratic equality.

It is necessary to consider these political factors and class interests because in the domain of taxation what ought to be done is inextricably interwoven with considerations of what can be done. Bearing these facts in mind, what among the things that ought to be done, is it practically worth while striving for at the present time? And in answering that question let it be understood plainly that nothing ought to be done calculated to injure the work of national defense. If for that purpose new burdens must be laid upon wealth and business, they will be accepted without bewailing and patriotically borne.

GREATER ECONOMY IN PUBLIC BUSINESS

(1) First of all, the occasion should be turned to the elimination of waste and the achievement of greater economy in the public business. The best source of revenue is sensible saving. In time of war, waste and extravagance consti-

tute a species of petit treason. This applies to the household economy of the ordinary citizen. But it applies with even more force to the great household of the state. Now if ever it is time to fry out the pork. There are literally millions of new tasks to be performed, and the mercantile and manufacturing interests, the banks, the universities, and every variety of private organization, will properly be asked to mobilize for the stern work that lies ahead. But mobilization, like economy, should begin at home. The ordinary departments of the Federal Government should be the first to mobilize. Not a spare man or woman should be left at the old perfunctory tasks of winding and unwinding red tape. Before even the battleships, the several departments at Washington should be stripped to fighting trim. Before bonds are issued, before new taxes are imposed, every department at Washington should be required to draw up a roster of the clerks it can spare, the work it can discontinue, the money it can save. To insist upon this will be an act of patriotism not of disloyalty, for the elimination of waste can be achieved only in some such way and at some such time as this. This thing we call extravagance is not a definite and tangible phenomenon. It is relative, elastic, indefinite. It is to be eliminated, not by pious declamation, but by the force of superior demands; not by abolishing departments, but by directing their activities to new and more profitable ends; not by discharging worthy employees, but by using them for the things that "are more excellent."

(2) Governmental waste being eliminated so far as possible, we should turn next to the reduction of private waste through the agency of drastic taxation upon ostentatious and unnecessary consumption. Obviously, nothing should be done to increase the high cost of living. But short of the point at which smuggling and evasion are encouraged, we can hardly go too far in taxing the cost of high living. This topic has been considered with particular care by the committee of the New York State Tax Association referred to above. The committee estimates that the indirect taxes levied during the Civil War (1866 to be exact) if imposed at the same rates to-day would yield over two billion dollars a year, whereas the present revenue from indirect taxation is only three hundred and fifty million.

"It is, of course, grotesquely improbable, as it is completely unnecessary, to levy internal taxes at the Civil War rates. But is it not within the range of practical statesmanship to select certain of those taxes and to levy them at a much lower rate, with the possible introduction of the graduated or progressive principle and with special reference to luxuries, higher class goods and important transactions rather than cheaper goods and smaller transactions. Moreover, entirely apart from the above consideration, great additional income could be derived from even a purely revenue tariff. * * * We venture to affirm that it would be an easy matter to secure, at the present time, an additional revenue of several hundred millions of dollars from internal indirect taxes, without involving any appreciable burden on the expenditure of the poor."

(3) There is, in the writer's opinion, no justification for increasing by indirect taxes the living costs of the very poor, who are so genuinely afflicted at present by the high cost of living. Because of this very fact, however, the time is ripe to let down the bars of the Federal income tax and lower the personal exemption from \$3,000-\$4,000 to, say, \$1,500-\$2,000. We think of the income tax as a rich man's tax. But who are the rich? Obviously, I think, the families which enjoy incomes both above the average and above the amount required to rear a family in health and comfort. The average family income in this country at the present time is probably about \$1,700 a year, certainly less than \$2,000 a year. Families of average size, which enjoy

more than that income, belong among the rich, belong to the upper half, and should pay some income tax. If they are not called upon to pay, families earning less than the average, families with incomes insufficient to secure the necessities of a living existence according to American standards, will be forced to contribute by means of indirect taxes which are shifted upon them. The proposal to reduce the personal exemption in the income tax is sound. Such a change would not only make the tax less of a class measure, and a more wholesome tax on that account, but it would permit the reduction of indirect taxes upon the very poor—or what amounts to the same thing—it would obviate the necessity of increasing such indirect taxes. People who have from $2,000 to $4,000 a year will object to being brought under the income tax, but their objection may be overcome if the fact is made apparent that such families actually belong to the richer strata of population. In Wisconsin, for instance, the average personal exemption is less than $1,300. Yet with such an exemption, the individuals and partnerships assessed for income tax in Wisconsin constitute less than three per cent. of the population. The great masses of the people whose incomes do not justify greater taxation either direct or indirect can be induced to support the broadening of the basis of the Federal income tax if the truth is brought home to them that they will be forced to pay unless the well-to-do classes having incomes from $2,000 to $4,000 a year are required to pay in their stead.

All of the proposed measures—the elimination of Government waste, taxation of "high living," and the broadening of the basis of the income tax—should appeal not only to the sense of fairness, but to the enlightened self-interest of a large majority of American people. There is no large section of the population which has a vested right in the perpetuation of either public or private extravagance; and with the exception of a few farmers and locomotive engineers, the great mass of the working people would escape an income tax applying only to those who receive more than $1,800 or $2,000 a year. The three proposed measures suggest the fiscal reserves which should be summoned to the colors at the next call. Upon whom subsequent demands should fall, is another and more debatable question. Unless the war bills are paid with Government credit in one form or another, there will arise an almost irresistible demand for heavily increased taxes on war profits, large incomes, and inheritances. In the writer's opinion these demands are mainly sound. That business and wealth have paid a very large share in the last few years, possibly an unwisely large share, constitutes sufficient reason why other sources of taxation should be tapped first. But it furnishes no reason for subsequent immunity from extraordinary war demands. The war profits tax in England at the present time amounts to sixty per cent. on profits in excess of a generously computed normal level; and the income tax on very large incomes now exceeds forty per cent. If we add to the income tax a fair annual share of the heavy estate or inheritance taxes, it appears that the largest fortunes in England to-day are contributing directly to the Government not less than sixty per cent. of their annual yield. This is the way of a modern democracy in war; and in the opinion of the writer it is a legitimate way, provided only that waste has been eliminated, the luxuries of both rich and poor properly restricted by taxation, and the well-to-do as well as the wealthy brought under the income tax. And whether additional taxes upon wealth and business would be justified or not, the fact that they are almost certain to be introduced, creates additional and powerful arguments for utilizing first the three sources of revenue enumerated above.

To taxes of all kinds, upon rich or poor, direct or indirect, there is, of course, the alternative of Government

credit. Why not pay our war bills with greenbacks or bonds?

But that is another story. There is space only to affirm my adherence to the traditional conviction of the orthodox economist, that it is altogether better, so far as humanly possible, to pay as we go. If we must have bonds, however, let it be bonds without the unprofitable exemption from income tax which we customarily insert in Federal bonds. As for greenbacks, they have been well called a forced loan which bears with particular hardship upon the wage-earning classes. If we must have a forced loan, let it be open and above-board. We might well consider the levy of what may be called a *tax loan* upon wage-earners and salaried men: say ten per cent. of all wages and salaries in excess of $15 a week, collected from the employers, evidenced by certificates of some convenient form, bearing interest at a fair rate, and payable as to principal and interest not later than five years after the termination of the war. The detail involved may seem formidable, but as a matter of fact projects of similar complexity have been successfully handled in Europe during the present war; and if the policy were approved, means of carrying it out would not be difficult to devise.

If we must attempt to "make the future pay," let it pay the working man as well as the more fortunate class of typical investors. It would be a wholesome thing to distribute in this widespread way the ownership of the public debt. It would help to prevent inflation, measurably conduce to thrift, give the working classes a stake in the Government, and so stabilize the public credit. "A public debt is a public blessing"—to the creditors. Let this blessing, like the gentle rain of heaven, descend upon all.

Got Its Money Back

THIS story of restitution of the amount overpaid on a check is told by Billy Sunday:

"At the age of 14 I got a job as janitor of a school building. One day I went down and got a check for my first salary, $25. Nobody called me a grafter then. When I took that to the bank the cashier gave me $40. A boy I used to run around with—he's a prominent lawyer in the South now—says to me, 'Why don't you keep it? You can buy a suit of clothes and still have your $25.' Be darned if I didn't do it!

"Years later when I was converted to Christianity and got down on my knees to pray, the Lord touched me on the shoulder and says: 'Bill, you owe the Farmers National Bank fifteen with interest.' I says, 'Lord, the bank don't know I got it.' And the Lord says, 'Bill, I know you got it.' Finally I sent the bank a check for it, and if you can find anything in my life that doesn't come up to my preaching I'll leave the platform."

TALKS ON BUSINESS BUILDING

By W. R. MOREHOUSE

Street Car Advertising by Banks

STREET cars are an indispensable public convenience. Street railway corporations not only furnish the cheapest transportation, but also the most dependable. Street cars are just as much a part of the business life of our modern city as any other business utility. Stop the street cars and you stop business. Improve street car service and business automatically improves.

THE PEOPLE WHO TRAVEL ON STREET CARS

Street cars are the most democratic conveyances in the world today. Every person is afforded the same privileges. The Chinaman's nickel will buy just as much in the way of street car service as the white man's. The man of wealth gets no more for his fare than the beggar, nor does the professional man find that his nickel buys him one iota more in service than is accorded the humblest laborer. The woman who stands high socially does not find awaiting her a superior service to that afforded to her maid, and the clergyman in his broadcloth of black oftentimes must accept a seat beside a lime-bespattered hod carrier.

With this great cosmopolitan army of men, women and children gathered in our street cars day after day, morning, noon and night, in foul weather as well as fair, banks are afforded an unusual opportunity to advertise their business.

The chief occupation of the millions who ride on street cars is "rubber-necking," although a few riders utilize a part of their time while riding by reading newspapers and books. With the large majority it is not so much their surroundings that receive their attention, but the things here and there that possess unusual attraction. For this reason, it is only necessary for a bank to furnish an attractive object in order to secure attention.

The rider has usually already lost interest in the familiar scenery along the route, and this fact leaves him on the lookout for something new. To relieve the monotony he naturally turns and glances over his fellow passengers, but is frequently embarrassed by the stare of some man or woman across the aisle, so his eyes turn down, then upward, and finally they rest upon a bright-colored car card. At first it is the bright color that holds his attention, then the illustration, and then the story. Presently his eyes follow down the line of cards from one to another. He absorbs the message because it is presented to him at a time when he is on the lookout for relief from the monotony of having nothing to do.

With the average street car rider looking for entertainment, there is provided in street car advertising an opportunity for our bankers to drive home

their gospel of thrift. Every time a rider enters a car, he will find similar advertisements are placed before him, each presenting in a convincing way food for his consideration. Thus an opportunity is given to present a message that may be the means of starting many men, women and children on the road to independence.

advertising it is not a matter of the most money, but of the best character.

Nor does one advertiser have an advantage over the others, in the point of space, since all car cards are of but one size, and only one advertisement of a kind is permitted in a car.

One advantage that street car advertising has over some advertising litera-

No. 1

No. 2

STREET CAR ADVERTISING EFFECTIVE

One of the reasons why street car advertising is effective is because it has character. Not everybody can advertise in the cars. The quacks and fakirs cannot buy space at any price, neither can promoters nor firms or corporations of questionable character. With street car

ture is the fact that it may use bright, attractive colors.

Another point in favor of street car advertising is the limited number of ads that appear in a car, usually thirty-six and no more. The rider has ample time to read all the cards within his range of vision.

Still another point is circulation. The

No. 3

No. 4

great mass of people ride on street cars every day, and street car advertising has therefore a greater circulation than newspapers.

Then, too, street car advertising reaches all humanity. It reaches the child, and the foreigner who does not read, giving him a lesson in pictures; it reaches the common laborer, as well as the chief executive; it reaches the newcomer as well as the old inhabitant; in the last analysis it reaches almost all humanity, because there are but few people who do not ride on street cars.

Street car advertising is effective because banks can limit it to certain localities, by carrying cards in cars running on the street car lines that pass near their locations. It is well-known to banks that many persons have no other reason for choosing a certain bank than the fact that its location is on, or near the car line upon which they travel to and from their business.

Inasmuch as a majority of car riders are permanent residents, street car advertising keeps the bank message before these people for a long period of time, every day, year in and year out. Like some other forms of advertising, this makes possible a constant application. Twelve months of street car advertising means that the riders will have the opportunity to read somebody's car card 730 times a year. There are different cards monthly, which means twelve different appeals, and while it is possible that the same person will not see any one particular card every day in the

No. 5

No. 6

year, he is certain to see each card many times.

Since banks may specify the districts that they wish to reach by this medium they should prepare their car cards so that they will carry a human interest appeal to the particular class of people they wish to reach. For instance, if a car line serves a locality in which wage earners live principally, let the car cards be prepared to appeal to these people in particular, to "talk their language."

HOW CAR CARDS ATTRACT THE ADVERTISING MAN

Recently the Los Angeles Advertising Club, at one of its meetings, took a test to determine which of sixty slogans was best known to its members. The sixty slogans were lettered in black on bristol-board, and the members of the Los Angeles Advertising Club assembled in weekly meeting were asked to write on a slip of paper the particular product, or the name of the firm manufacturing or producing the article as indicated by the slogan. The results of this test furnished a great surprise, for it was announced that a slogan used to advertise a new product was correctly named by nearly everyone present. Upon investigation it was found that the slogan had appeared for three months only, and exclusively in the street cars of Los Angeles. This test proved beyond a doubt that street car advertising is a very effective means of publicity, and what it will do for a mercantile company it will do for a bank if given a fair trial.

HOW DO THEY ATTRACT YOU?

Look at car card No. 1. In your mind add to what you see all the color necessary to make this picture natural. Doesn't it give you a desire to try a jar of Heinz Peanut Butter?

Now look at car card No. 2. Note the big ripe strawberries dusted with powdered sugar, and with two fluffy layers of cake beneath. Where have you seen a more appetizing delicacy? You feel convinced that Royal Baking Powder has had everything to do in the preparation of this perfect and appetizing dish. The answer is that it will pay you to try Royal Baking Powder if you want something unusually good in the way of strawberry shortcake.

Suppose you are a boy of fifteen, or the father or mother of a boy about this age. Now look at car card No. 3. Note the "nifty" suit of clothes that this young man wears with pride. In fact, he says, "I am the biggest man on Broadway, and it is because I wear American Boy Clothes." Now note the expression on his face. Doesn't he convince you that he believes in this particular make of clothes? The next time you buy a suit of clothes for your son, the chances are that you will ask for this particular brand.

Look at car card No. 4, for it has a message to man. It tells every man of a new style of Arrow Collar. Doesn't it make you want to buy a couple of new style collars And by the way, when you go to the store to buy them of course you will ask for Arrow Collars, and will accept no other brand.

As a hypothetical case we will assume that you are ready to buy an automobile, but have not made up your mind as to which make of automobile you will buy. Look at car card No. 5. Doesn't that make you want to buy an Oldsmobile—"Faster than an express train."

Perhaps you have been considering opening a bank account, and the only reason you have not already done so is that you have not yet made up your mind as to which bank you shall select when opening this account, and as you ride along there is car card No. 6 before you. It reads, "Security for Savings."

A few days later car card No. 7 gets your attention. It has another message from the Security Savings Bank. You note that 96,000 depositors regard it as a place providing ample security for their savings. You are now convinced that if it is a bank that can serve 96,000 people, it can serve you pretty well.

But suppose that you are a banker, and that you ride considerably on street cars. You are a firm believer in newspaper advertising for banks, but have little use for street car advertising. Somehow car card No. 8 gets your attention. It convinces you that the newspapers themselves find street car advertising an effective means for helping their business. Somehow the very fact that newspapers use street car advertising makes you feel that this same medium provides a good way for you to advertise your bank, and perhaps you resolve to give it a trial.

COST

The cost of street car advertising depends entirely upon the number of cards used, or rather the number of street cars carrying your advertisement. In a city like Los Angeles, having a population of 550,000, and where 700,000 fares are paid a day, the cost of car cards is three cents for every car per day, which gives the advertiser the largest daily circulation possible.

PRESENT USE OF STREET CAR ADVERTISING BY BANKS

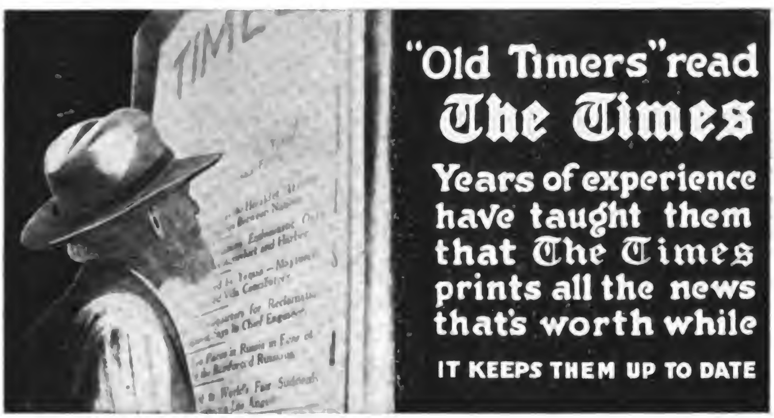
About 700 banks in the United States are now using street car advertising, and in many of our largest cities more than one bank. In Chicago fifteen banks advertise in street cars. In these large cities the sellers of street car advertising have apportioned certain lines of travel to certain banks, thereby serving all satisfactorily.

TEST IT OUT

If at all skeptical about the merits of street car advertising, it will pay you

well to take a day off and do nothing but ride on the street cars. Keep your eyes open and never mind the scenery, but watch your fellow passengers, being especially careful to note the number of them who read the street car cards.

No. 7



No. 8

Take a seat outside on either end of the car. How many cards can you read from this location without undue effort? Then go inside; how many cards can you read from here? In this way you will get a good idea to what extent street car cards can be read from the different locations on the car.

One thing is certain: If your car card is located in the front section, the front end passengers only will have an opportunity to read it; if located on the inside, the passengers on the inside only; or if on the rear end, passengers riding on the inside or on the front will not see them. Before the day is over you should be able to judge pretty well as to how many people will actually see your advertisement, provided you use street car advertising.

It need not surprise you if by this test you are able to reduce the number of persons who will read your card to a very few on each car, and in a few instances you may find that no one is

seen to read car cards, but if you will take into account that literally hundreds of people ride in every car daily, a large number of persons will read your card after all.

If you should decide to give street car advertising a trial, it will pay you to coöperate with the seller of space, and printer of the car cards. You may perhaps, wish something "distinctive from anything you have seen," and while you may be successful in producing such a card, there is no assurance that what you have produced will pull business for your bank. As a rule you will get better results if you heed the advice of the company which sells you space in street cars.

During the first month of your campaign you may wish to reach children only, and copy and illustrations should be carefully prepared with the right appeal. The following month you may wish to reach young men, in which case your illustrations and message should be prepared with this end in view. There is an infinite number of headings and illustrations which you may use. One which usually appeals to most young men is something like this: "How to Get in Business for Yourself." To illustrate this message show a man forty-five or fifty years of age sitting at a desk in his executive office engaged in earnest conversation with a neatly-dressed young man. In just a few words this successful business man announces to this ambitious young man, "I got my start by saving. The quickest and safest way for you to get into business, young man, is to save your money; open an account to-day in the trust and savings bank."

The third month you may wish to appeal to young people. A heading that is attractive might read, "You cannot live on love." On this card let your illustration show a home, modern in its appointments. You can close your message something like this:

"Do you need a home? To get one you must first save the money. The quickest way to get a home is to save the necessary amount in an account with the First Trust and Savings Bank."

Later you may wish to call the attention of business men to the advantages of a checking account in your bank. In this case the headlines can read:

"Stop paying bills with cash." You can show in your illustration a hand with an open check book, and can close your appeal with words something like this:

"Make it a rule to pay by check and avoid trouble."

The twelfth month of your campaign you may wish to advertise your trust company, and in this case you can use for your headlines:

"How to Protect Your Heirs." You can conclude your appeal by suggesting, "Your estates will be distributed according to your wishes if the Fidelity Trust Company writes your will."

Street car advertising can be made to pay.

Foreign Exchange

By CHRISTIAN DJÖRUP, B. C. S.

THE Encyclopædia Britannica tells us that Foreign Exchange is the system by which commercial nations discharge their debts to each other. We understand under foreign exchange, not only the medium by which balances are settled between foreign nations, but also the price at which this medium is quoted. Our newspapers will inform us that foreign exchange is going down, or that the foreign exchange rates have a favorable tendency, which means, that the price for bills of exchange quoted in our currency is going down, or that we are able to buy for one dollar, more of the foreign currency which is quoted in the quantity of foreign currency that we can purchase for a dollar, like francs and liras. And if we are informed that foreign exchange is plentiful, that will mean that there is a great supply of foreign bills of exchange, or that more of the medium of foreign exchange is offered than the demand will absorb.

The price of foreign exchange will be somewhere near the parity in normal times. The par value or parity of exchange expresses the value of the gold unit of the currency of one nation expressed in the currency of another. Most of the commercial countries have adopted the gold standard, and we can arrive at the parity between nations that have established the same standard. We cannot, however, compare or ascertain the parity between the currency of a nation that is using the gold standard with that of a country that is still using the silver coinage, or paper money, and in which latter country gold is sold like merchandise. To be able to compare the coinage of different nations, we must know their mint laws and by using the chain rule we can easily ascertain the parity between countries of the same standard.

We will consider the United States, Great Britain, France and Germany, whose gold pieces are coined as follows:

United States coins $10 out of 258 grains of gold, 9/10 fine.

Great Britain coins £1 out of 123,274 grains of gold, 11/12 fine.

France coins 155 20-franc pieces out of kg. 1 gold, 9/10 fine.

Germany coins 69¾ 20-mark pieces out of 500 grammes of fine gold, 9/10 fine.

To arrive at the parities between the United States and the other three countries you must know that the currencies of these countries are quoted in our market as follows:

Livresterling,	1—in dollars
Dollars,	1—in francs
Marks,	4—in cents

The following chain rules give us these parities:

Foreign Exchange

? $	1£
1	123.274 grs. standard gold
12	11 grs. fine gold
9	10 grs. U. S. standard gold
258	10 $
	£1 = $4.86654

? fr.	1$
10	258 grs. U. S. standard gold
5760	373.242 grammes French standard gold
1.000	3100 francs
	$1 = francs 5.18262

? cents	4 marks
1395	500 grammes fine gold
900	1000 German standard gold
373.242	5760 grains U. S. standard gold
258	10 $
1	100 cents
	Marks 4 = 95.2852 cents

For the benefit of the reader who is not familiar with the chain rule, I would state that it is most commonly used to solve compound equations. The chain is practically a fraction, the right side of the chain being the dividend, the left the divisor. Each line or link of the chain is an equation. The first link commences with the unknown quantity. Each succeeding link must commence with a factor of the same denomination as the second factor of the preceding link and when we arrive at a second factor of the same denomination as the unknown quantity or the first factor of the first link, our chain is closed. We then multiply all our first factors, divide that product into the product of all our second factors, and arrive at the result.

To arrive at the parity of pound sterlings and marks in francs, we will have the following chains:

However, the basis for the exchange quotations is not the parity but the check rate, from which discount and bill stamp are deducted to arrive at the rate for long bills, and to which interest is added to arrive at the cable rate. The quotations are regulated by the laws of demand and supply, and the theoretical limits of fluctuation are the gold points.

Demand and supply depend on the balances between commercial nations. If, for instance, foreign nations owe us more than we owe them, *i. e.*, if the trade balances are in our favor, we shall draw heavily on foreign business centers. The supply of foreign bills of exchange will be plentiful, and the exchange rates will go down until they reach a point where some banker finds it profitable to import gold. He will buy bills or cable transfers on London, with which he will purchase gold there.

```
        Divisor              |        Dividend
                             |
          ?  francs          |   1 £
          £     1            |   12,3274*  grs. standard gold
  g.s.g.       12            |   11        grs. fine gold
  g.f.g.     5760*           |   37,3242   grammes fine gold
  g.f.g.        9            |   10 ✱      grammes standard gold
  g.s.g.     1000✱           |   3100✱     francs
```

* We eliminate 10 in the divisor by shifting the decimal point in 12,3274 one place to the left.

✱ We eliminate 1000 in the divisor and 10 times 100 in the dividend. Then we multiply 12,3274 by 31 x 11 viz. 341 = 4203,6434.

```
 12,3274 x 341      This latter amount we multiply by 37,3242 using
  493096                contracted multiplication as 2 decimal points
 369822                 will be sufficient.
 4203,6434

 4203,6434  x  37,3242            To ascertain the divisor we multiply
   242373                         576 by 9 times 12
 126109302                                         576  x  108
  29425504                                         4608
   1261093                                         62208       This
     84073                        amount we divide into the dividend
     16814                        156897,627 by using contracted divi-
       841                        sion as six decimals suffice.
 156897,627  :  62208 = 2,5221455
  324816
   137762
    133467
      9051
      2830                        £ 1 = francs 25,221455
       342
        31
```

```
   ?  francs        |    100  marks              310000 : 2511 = 12,34567
        2790        |      1  kg. fine gold        5890
           9        |     10  kg. standard          8680
           1        |   3100  francs                11470
                    |                                1426
                    |                                 170
                    |                                  19
                    |                                   1
```

Marks 100 = francs 123,4567

The gold will be shipped by the next fast steamer to New York, and at the mint he will receive $10 for every 232.2 grains of fine gold contained in the shipment. This transaction will be profitable if the rate of exchange, plus the cost of insurance, packing, cartage, freight, loss of interest, and the loss caused by abrasion, not to speak of the small fee paid at the mint, amounts to less than $4.8665. On the other hand, when the quotations rise to such an extent that the parity, plus shipping expenses, loss of interest, and so forth, amounts to less than the check rate, we say that the gold export point has been reached. Some banker will then sell bills on London and purchase gold, which will be sent abroad with the next fast steamer. It may be bar gold, or eagles or double eagles. For every $4.8665 invested in gold, his correspondents will receive £1 within two or three days from the day of arrival of the gold shipment; and, as the gold shipped and drafts drawn by the New York banker go with the same steamer, there will naturally be a loss of interest of only a few days occasioned by the temporary overdraft on the account with the London banker.

The check rates will fluctuate more or less between these gold points. When the outflow of gold commences, the interest rates go up in this country and the exchange rates go down; and, when gold is imported in larger quantities, the foreign countries put the interest rates up and up go the exchange rates in our market. Thus will gold shipments check an excessive rise or fall of exchange rates in normal times.

Since the beginning of the war the exchange rates have been subject to most violent fluctuations, as it has been next to impossible to regulate the trend of the exchange quotations by gold shipments. Most of the warring nations are now, to a large extent, indebted to us and it would be a physical impossibility for them to liquidate their entire indebtedness by means of gold shipments to our country. The exchange rates have therefore passed the gold import points a long time ago, and the stability of the exchange rates have been subject, more or less, to the support that the currency of each country received from the financial interests in that country, and in the business centres of the world.

The balances between commercial nations mentioned before are created by imports and exports of merchandise, and also by indirect imports and exports. In connection with merchandise shipments we have freight, insurance, commissions, and, as most of the shipments are made in foreign bottoms, the freight bills reach tremendous figures in the course of a year. The indirect imports and exports are made up of purchase and sale abroad of securities for Americans, or on our stock exchanges for foreigners; the placing of entire bond issues, or parts of them, in either country on account of the other; the interest, being coupons or dividends on American capital invested in foreign securities, and on foreign capital invested in American enterprises; speculative purchase and sale in foreign markets or bourses of commodities like copper, tin, coffee, cotton, grain, sugar, and so forth, which involve no actual shipments until settlement day, but primarily the payment or collection of differences gained or lost; the placing of loans with, or for account of, foreign bankers and the resulting settlements; expenses of American tourists abroad, or of foreign travelers in our country; doweries given to American girls marrying foreigners. These and many other indirect imports and exports create balances between nations not shown in the government statistics, but they sometimes outweigh the imports or exports of merchandise. So it may occur that, although our exports of cotton, grain, and flour are largely in excess of the imports for the same period, the foreign exchange rates are very high because of securities sold on our exchanges on account of foreign houses, or American securities sold freely on the foreign bourses and bought by American investors. Although we make very heavy shipments of merchandise to a foreign nation which is already to a

large extent indebted to us, the exchange rates of the currency of that nation may not be depressed far below normal, if we absorb a large amount of their bonds and other securities, which, in turn offset the trade balances due from them.

The medium most commonly used to settle balances or to effect payments between foreign nations is the bill of exchange. The foreign bills of exchange are divided into clean bills and secured bills, and into short bills and long bills.

Clean bills are drawn by an American institution on a foreign house, and are not accompanied by negotiable shipping documents or securities. They are based on funds deposited abroad, and on credit balances obtained by previous shipments of merchandise, or through loan arrangements. The value of these clean bills depends on the standing of the drawer, the drawee, and the endorsers, if any, and on the drawer's probable authority to issue these drafts.

Secured bills are accompanied by stocks, or bonds, which are attached to and mentioned in the bills and are delivered against payment of the bills called "security bills." Then there is the much larger class of documentary acceptance or payment bills. The former are bills to which shipping documents are attached that evidence the shipment of merchandise and which documents are to be delivered against acceptance of the bills. The latter are accompanied by shipping documents to be delivered only upon payment of the bills. The shipping documents (mentioned above) must be in a negotiable form, and consist of a full set or sets of bills of lading, the insurance certificates, and documents erroneously considered of minor importance, such as certificates of weight, origin, inspection, hypothecation slips, plain or consular invoices, and so forth, according to the requirements of the trade or law in the country of destination. If the bankers in this country would organize a company for the purpose of inspecting and appraising the merchandise used as collateral for documentary bills, and would refuse to accept these bills without inspection certificates signed by reputable examiners, frauds perpetrated through spurious documentary bills would be minimized.

A smaller class of bills called masters' bills should also be mentioned with the clean bills. The master's bill is drawn by the captain of a vessel on the steamship company or its agent at the port of destination, and is generally payable on arrival of the vessel. The purpose of these bills is to supply the captain with funds to meet his expenses.

Bills are further classified as short bills and long bills. The former are drawn for a period of less than thirty days after sight; the latter are payable thirty days after sight, or after a longer period.

In pricing foreign exchange there is also a distinction made as to the character of the maker or drawer and of the drawee, and the bills are divided into bankers' and commercial bills. The bankers' bills may be prime bankers' or plain bankers' bills, according to the character and standing of the principals whose names appear on them. Double name paper drawn by an American banker on a foreign institution will generally be valued higher than single name bills drawn by an American institution on a foreign branch office, or on a foreign institution controlled by the American house.

The commercial bills are also subdivided into prime commercial and commercial bills. The prime bills are those drawn by a commercial house of the highest standing on a foreign banker or a commercial house also of very high standing. The plain commercial bills show as makers and drawees the names of firms not rated so highly.

A foreign bill of exchange can be a short bill, and simultaneously a bankers' or commercial bill and a clean or a secured bill, and the documents attached in the case of a secured bill can be delivered against acceptance or against payment.

A banker pricing exchange takes into consideration in the first place the names appearing on the bills; secondly,

the security going with the bills. For example, a banker buying bankers' long bills will take into consideration the standing of the firm drawing the bills and of the bank on which the bills are drawn. These drafts are generally issued under some loan arrangement. and the quantity of these bills, called finance bills, offered in the market has to be considered. A great factor in arriving at the price to be paid for the finance bills is the readiness with which foreign banks discount these bills. Finance bills drawn by a very large American concern on its foreign branch office may be discounted abroad at a higher rate than similar bills of a much smaller institution drawn on an independent foreign bank, and consequently the latter class of bills may command a higher rate in our market.

When pricing commercial bills, the banker will consider the name of the drawer or of the merchant from whom he buys the bills, and in the case of clean bills he will not purchase an amount in excess of the credit he would grant to the customer on his notes or bills receivable. A conservative banker will buy documentary bills only to the extent that he would grant loans against merchandise. Naturally, the name of the drawee, the nature of the merchandise, whether perishable or non-perishable, the delivery of the documents, whether against acceptance or against payment, and the foreign market for these bills, will have to be considered. Acceptance bills can be discounted abroad, while documentary payment bills are not discounted by the foreign banks. However, the former are like clean bills after the documents have been delivered against acceptance, and the additional security in the shape of merchandise expires with the acceptance of the bills. The latter retain this security until the bills are paid, and certain classes of documentary payment bills are retired, *i. e.*, taken up before maturity by the drawees or acceptors. Some of the payment bills are held for collection at maturity, and, the money invested in the bills being tied up for a certain length of time, the purchaser of these bills would have to consider the interest rates in New York. The prices quoted for the different bills of exchange will ordinarily vary with the risk, which the foreign exchange man attaches to the specific bills, and with the facilities that he has for handling them abroad.

Other means of transferring funds to foreign countries are cable or telegraphic transfer, which is an order sent by cable or wireless for the payment of money, and the mail transfer or delegation, which is an order transmitted by letter for the payment of money, or the transfer of a certain amount to a specified payee. Postal money orders are the means adopted by many foreigners for remitting funds abroad, and usually these remittances are made through an institution having branches abroad, or other facilities for the remitting of money through continental postal authorities. Travelers' checks issued by the American Bankers Association, by express companies or by bankers have taken the place of international money. They can be cashed in every part of the world, and are taken by many tourists in preference to letters of credit. Travelers' letters of credit authorize the holder to draw up to a certain amount on one foreign bank, or on several banks, or on all the correspondents of the bank issuing the credit. These drafts, which have to be drawn in accordance with the requirements of the letter of credit, are cashed by almost every bank, occasionally even in hotel offices. The letters of credit are paid for either at the time of issue, cash L/C, or the holder furnishes the issuing banker with a guarantee signed by himself or a third party, arranging the payment of the drafts drawn under the credit as they reach the banker.

Having considered the sources that create balances betwen foreign nations, and the means by which these are settled, we will continue this article next month with a balance sheet of an active foreign department to illustrate some of the transactions that are classified as foreign exchange business.

Keeping Track of Credit Information

The Cross Reference System for the Filing of Information and as a Method for Investigating

By HARRY MILTON HOLT

IN considering the cross-reference system for filing credit information the first thing to be looked at is the investigating and the way it is done. To simplify let us take a hypothetical case in any line for all are dealt with in the same way. We will suppose that the name of the Accurate Tire Company has come up for investigation because some concern from whom they wish to buy heavily wants to know what kind of a credit risk they would be. It is found that H. T. Burklin is the president, and he is the owner of the concern H. T. Burklin, retail groceries, and is not actively interested in the tire company; W. B. Webb is vice-president and manager, and R. S. Thomas is secretary and treasurer, and actively engaged in the tire company. The investigation is then divided into four parts, namely, the company and each one of the officers, and is carried at least far enough in each of the four parts so that no question of doubt remains. It may, of course, be necessary to go into the greatest of detail if their stock is on the market. It would at least be necessary to touch on one of the officers in a simpler investigation as would be necessary for the above case.

Now, all of the information secured that is of sufficient importance is not written up under one heading in the report. The four separate headings are kept, or as many as were investigated, and these headings are all written separately. Thus, all the information about H. T. Burklin, who is a retail grocer, and who is president of the Accurate Tire Company, and endorses some notes at the bank for this company, is kept in a separate folder. The folders are then filed away, either alphabetically, or better yet, by number. So, in the investigating part of the cross-reference system the chief word is accuracy and thoroughness. It is far better than here and there securing a bit of information about Burklin or Thomas and grouping this all together under the heading of the tire company.

While the investigating under the cross-reference system is not greatly different from the usual methods now used, the system of filing and keeping the information is entirely different. To keep this information two sets of card indexes are used. On one set is put the name of each concern, corporation or firm investigated, and where the folder containing this information can be found. Then on the same card is placed the name of the officers or men connected with the concern who have been investigated and where these folders can be found. On the other set of card indexes is placed the name of each individual who has been investigated and where those folders can be found. Then on the same card are listed the concerns in which this individual is interested and where the folders for these concerns may be found.

The one especially important feature of this system lies in the fact that any bank may employ it with but little added labor in establishing it, and when once installed enables the bank to keep a more accurate and larger fund of information concerning its depositors. At the same time it is able to render more valuable service to its clients in the answering of inquiries. The head of one bank's credit department in New

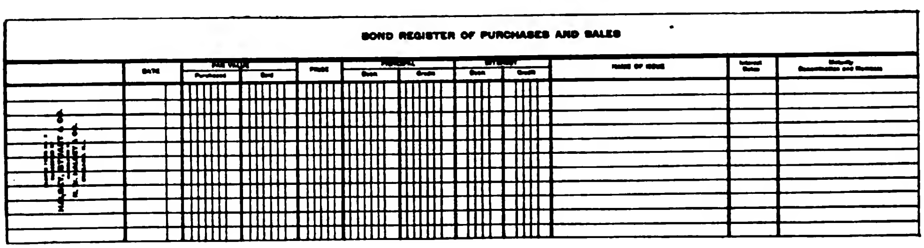
York is quoted as saying, when asked if he had any information on file concerning an individual: "We probably have five or six files on concerns in which this man is interested, but it would take me about an hour to look it up." The system tends toward speed and accuracy with little added work, and, while used to-day in many different forms, few embody all of the advantages that can be obtained from this one with its many modifications.

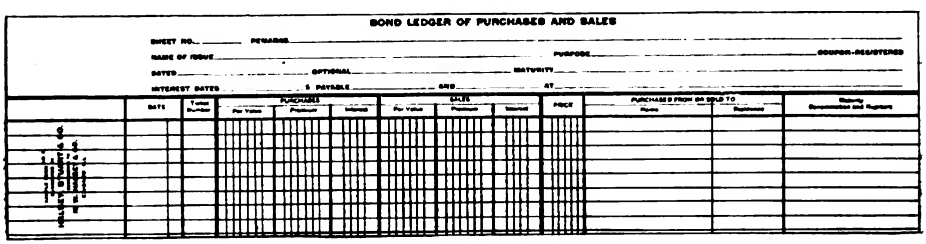
Recording Bond Investments

THE very fact of the existence of a multiplicity of systems for recording transactions on the purchase and sale of bonds and other securities creates a demand for a uniformity in accounting forms. The last few years have witnessed the unification of accounting forms in railroads and other public utilities and it is not surprising that the Investment world demands uniformity also.

Halsey, Stuart & Co. (formerly N. W. Halsey & Co.) of Chicago have, after years of practical experience, installed a very compact yet comprehensive system for recording bond investments. Also, having had repeated inquiries from clients for a simple method of recording the transactions of private investors, they have devised an exceedingly practical security record.

With the coöperation of Halsey, Stuart & Co., it has been possible to obtain samples of the forms they recom-





The first of the forms reproduced above was prepared to meet the needs of banks and other institutions purchasing bonds for purely investment purposes. In instances where the institution does an active bond business, a supplementary or auxilliary record becomes necessary in order to maintain a record on each individual issue. This auxilliary record is represented by the second form.

mend for us in banks, and these are reproduced herewith.

The accounting explanations incidental to the use of these forms involve considerable detail, but anyone interested can obtain specimens and instructions for use by communicating with Halsey, Stuart & Co., 209 S. La Salle street, Chicago, Ill., who will be pleased to furnish any additional information.

Investment Income for Semi-Annual Months of April & October

SECURITY (Amount)	SECURITY	Rate %	REMARKS (Maturity etc.)	DAY	AM'T DUE	DAY	AM'T DUE
25 M	Public Serv. Co. of N. Ill. 1st & R. Mtg.	5	10-1-1956	1st	625.00	1st	625.00
10 M	Cincinnati Ohio Sewer	4½	4-1-1955	1st	225.00	1st	225.00
20 M	Peoples Gas Lt. & Coke Co. 1st Cons. Mtg.	6	4-1-1943	1st	600.00	1st	600.00
10 M	John Jones Farm Mtg.	6	1-1-1921 Annual Interest	1st	600.00		
100	Shares Amer. Tel. & Tel. Co. Stock	8	Quarterly Dividends See Jan. & July	15th	200.00	15th	200.00

INCOME FORMS FURNISHED BY HALSEY, STUART & CO. SUCCESSORS TO N. W. HALSEY & CO. CHICAGO, ILL.

FAC-SIMILE INCOME FORM

This form is designed for keeping tabs on the income due on securities held

NAME OF SECURITY: Public Service Co. of Northern Ill. 1st & Ref. Mtg. INTEREST OR DIVIDEND RATE: 5 %

DATED: October 1, 1911 OPTIONAL: After 10/1/1921 @ 110 MATURITY: October 1, 1956

INTEREST OR DIVIDEND DATES: April 1st and October 1st PAYABLE AT: Chicago

DENOMINATION OR PAR VALUE: $1000 TRUSTEE OR TRANSFER AGT.: Illinois Trust & Savings Bank Chicago

AUTHORIZED ISSUE: Limited to 75% of acquisitions OUTSTANDING: 10/6/16-$15,041,000

GENERAL: Listed on Chicago Stock Exchange—Co. pays normal Federal Income Tax

DATE	AMOUNT BOUGHT	AMOUNT SOLD	PRICE	YIELD %	TRANSACTION WITH	REMARKS NUMBERS - ETC.	BALANCE ON HAND	AVERAGE COST
7/6/16	20 M		95½	5.28	Halsey Stuart & Co.	#1950-69	20 M	95½
9/26/16		10 M	96½		Thru Chgo. Stk. Exch.	#1950-59 Reinvested in 10 M Com. Ed. Co. 1st 5s @ 102⅞	10 M	95½
11/21/16	15 M		96	5.24	Halsey Stuart & Co.	#1980-94	25 M	95.80

SECURITY FORMS FURNISHED BY HALSEY, STUART & CO. SUCCESSORS TO N. W. HALSEY & CO. CHICAGO, ILL.

FAC-SIMILE SECURITY FORM

On this form the complete record of each security is kept

Registration of Pass Books

By FRANK H. WILLIAMS, Assistant Treasurer Albany City Savings Institution, Albany, N. Y.

THE words "interest period" suggest to the mind of the savings bank man a time which appears twice a year in the form of six or eight weeks of "hard labor" sometimes far into the night. The words "interest day" suggest to the savings bank depositor a time when he or she may withdraw money without interest or take up the interest dividend for living expenses or other purposes. It also suggests to those fortunate enough to carry a full account the time to transfer the excess amount of interest to another bank where another account is in the process of building. There are in our mutual savings banks (where the statute limits the amount of deposit that one individual may carry) a large number of depositors who carry an account of the maximum mount and withdraw their interest each six months. As soon as the interest period begins these "regulars" are at our doors and proceed to line up at the paying teller's window. Every savings bank man is familiar with the sight of such a line of which this custom has been the practice for a long number of years, and it means long and tedious waiting for depositors and exceptionally busy and trying days for the bank tellers. Why could we not introduce a scheme to eliminate a goodly number of these people from our lines on interest day? What about paying interest in the form of a dividend? The legislators of New York State at the suggestion of the bankers have written the word "dividend" into the statute and eliminated the word "interest" as far as possible. Moreover, the banking department even recommends that we use the word "dividend." Could we have our depositors register their pass-books with us on the plan of registered stock certificate, leaving the book in possession of the bank, we could then remit through the mail by checks which could all be made up ahead of time at the convenience of the bank. Each depositor would then receive his check on the first day of the dividend period and would not be forced to wait until the rush had subsided in order to avoid a long wait at the window.

These checks could be used by the depositor to deposit elsewhere, to pay debts, or could be cashed at our window or wherever convenient for the owner. The number of the account could appear on the check for quick reference to the depositor's signature if he were not recognized by the teller. Those who bank by mail from out of town are continually asking for this form of service desiring to eliminate the necessity of sending the pass-book back and forth by mail each interest day. So far as we know there is no law which provides for this process, neither is there one which prohibits it. Section 248, Par. 2, of the New York State Savings Bank Law reads as follows: "A savings bank shall not pay any dividend or deposit, or portion of a deposit, or any check drawn upon it by a depositor, unless the passbook of the depositor be produced and the proper entry be made therein at the time of the payment." Everything in this paragraph could be obeyed if the passbook were in the possession of the bank.

A permanent dividend order could be obtained from the owner of the passbook at the time it was registered, this order to be revocable at the pleasure of the depositor. There is no law which prohibits a savings bank from retaining posses-

sion of the depositor's passbook, although a former Superintendent of Banks recommended that the savings bank refuse as far as possible to keep passbooks in their possession, but since his administration no other superintendent has advocated or followed out that recommendation. It does not seem that any legislation would be necessary to put this plan into effect. Would it appeal to our savings bank officials and trustees or are they satisfied with the present system in vogue for the past century? There is no doubt a large number of depositors would welcome this scheme, but is the departure so radical as to create an impression that we are getting away from the savings bank idea?

The plan in brief is as follows:

1. Depositor gives bank a permanent order as per sample below with passbook revocable at his pleasure:

City Institution for Savings,
Lowell, Mass.

(date)

....

To the Treasurer:

Dear Sir:—Until otherwise ordered please mail me check for dividends as they become due on passbook No. ———.

(Sign here) ....

(Address) ....

(PERMANENT ORDER)

2. Bank gives depositer blank memorandum as per sample below to fill out and file among his papers:

(date)

....

My passbook of the .... Savings Bank No. ——, is registered and in the possession of the above bank. The balance of my account at the time of registration was $..........

(Sign here) ....

3. All accounts to receive registered interest must be registered by the 15th of the month preceding the interest period.

4. At a convenient time after the 15th of the month, interest can be credited and charged on passbooks and special checks prepared for mailing on the day preceding the beginning of the interest period. These checks could state that they are for interest to a certain date on account No. ——, and no letter need accompany the check. No acknowledgment would be necessary, endorsement is sufficient receipt.

5. The ledger entries can be dated the first day of the interest period, but the entries can be made a few days previous if necessary.

The following data received from a savings bank in Massachusetts where this system is in operation will give some idea of the number of depositors who will avail themselves of this system:

A bank with assets of about $12,000,000, with 22,000 customers, send out in this manner about 900 checks, of which 750 are of one amount. They have a special check book made each six months. A little stamp is used which reads: "Standing order to mail dividends," which is stamped on the passbooks when they take a standing order.

Absentee Management

BUSINESS men of this country are not thieves and robbers, as some might imagine.

There is the same degree of honesty in corporation and business management, as among people classed as wage earners.

Absentee management and directors who fail to direct are the cause of nine-tenths of the difficulties which the general public term dishonest management.

The great majority of business directors are honest. They know how foolish it would be to be otherwise.

They err mainly because they do not keep in touch with things, and finally the business runs away with them.

Then the public and howling politicians settle it all by calling them crooks and thieves.

—Edwin W. Ingalls, in "Fra."

The Canadian Chartered Banks

How They Have Assisted in War Financing

By FRED W. FIELD

THE way in which the Canadian chartered banks have adapted themselves to war conditions is one of the notable phases of the financial history of the struggle. At present, their activities are largely directed financing the nation's expanding business, the financing of munition orders, a campaign for greater thrift on the part of the people, and assistance in the issue of Canadian war loans.

War's demands have revealed in Canada a previously unknown investment and productive power. The development in these respects has imposed considerable responsibility upon the banks which they have shouldered with great success.

In addition to the $150,000,000 which the Canadian Government has advanced to the Imperial Government for the purchase of munitions and supplies in Canada, the banks have loaned $100,000,000 to the Imperial Government. The Canadian Government is not guarantor of those loans, as it was not regarded as necessary that the Imperial credit should be fortified by the Dominion credit. The first $75,000,000 loan by the banks was against the security of British Treasury bills. There was a further loan of $25,000,000, making the banks' total $100,000,000. Of the $150,000,000 advanced by the Government to the British authorities, $50,000,000 was borrowed from the Canadian banks. These advances are distinct from bank credits granted direct to industrial corporations engaged in making munitions. There are more than 600 firms employing 250,000 men and women in the Canadian munition industry. War orders to the value of $1,095,000,000 had been placed in Canada to the end of 1916. Munition contracts during 1917, should the war continue, will aggregate $500,000,000 if Canada is able to help materially in financing them.

These figures give a rough idea of the financial tasks involved.

The banks also have probably $25,000,000 outstanding as credits granted directly to their customers. Approximately seventy-five per cent. of the recent substantial increases in bank deposits are estimated to have gone in one channel or another as munition credits. While the securities which the Canadian banks are acquiring from the Imperial Munitions Board at Ottawa—British Treasury bills—even in war time constitute an immediately available reserve against emergencies, Canadian bankers are watching this development closely with a view to complete safety. The banks will be asked by the Government to supply further sums for the manufacturing of munitions and for other war purposes, but in this connection Mr. C. A. Bogert, general manager of the Dominion Bank of Canada, recently stated that it would be well for the Imperial and Federal authorities to bear in mind that no matter what calls may be made it is essential that a general condition of liquidity in Canada be maintained, particularly in view of the extraordinary growth in deposits by the public that has taken place during the past two years, but which may not continue.

A notable feature of all balance-sheets of Canadian financial institutions, recently issued, and which should not be overlooked, is the steadily increasing

amount of Government securities held. The banks have a standing offer of the Canadian Government to make advances in the shape of Dominion notes to any Canadian bank desiring to pledge its holdings of British Treasury bills for that purpose. It is unlikely, however, that a situation will arise which will induce them to take advantage of the offer.

The ordinary banking business is also employing considerable funds. Canada's agricultural and industrial production is increasing. Last year the primary production—field crops, forests, mines and fisheries—was valued at $1,241,000,000 and the output of Canadian factories at $2,000,000,000. Prices of commodities and products of all kinds are unusually high. There are consequently substantial demands upon the banking institutions in carrying this large volume of production. This fact will mean that some of the Dominion Government's requirements during 1917 will again have to be financed in the United States. The people of Canada have already subscribed $200,000,000 of war loans and will probably subscribe more than that this year. Loans for ordinary purposes will most likely be made in New York. In connection with the war loans, the banks have done excellent work, having helped to distribute the two issues through their 3,500 branch banks. "It is a wonderful system for the purpose of getting in subscriptions," is the way in which Sir Thomas White, finance Minister, has paid tribute to this help.

The Canadian banks have made special advances, in one form or another, to the Canadian and British Governments since August, 1914, of $270,000,000 in addition to individual participations in various issues of securities in the London market. Since the close of 1914, when a special taxation measure was introduced by the Dominion Government, the Canadian banks have paid nearly $2,000,000 tax on circulation. They have also contributed to patriotic and relief funds since August, 1914, nearly $1,000,000 up to the end of 1916.

The most notable feature of the Canadian banking situation is that despite war conditions they are in a remarkably liquid position and will therefore be able to deal successfully with any emergency that may arise on account of war conditions. At the same time they are taking a conservative view of the situation, as expressed recently by Mr. E. L. Pease, president of the Canadian Bankers' Association, namely, that the banks should bear in mind that the unexampled prosperity which the country is now enjoying, and which is reflected in increasing deposits, is due to war-born industries, and that a drastic reaction will inevitably follow the cessation of hostilities. Canada, like other countries, will then probably be confronted by serious inflation, by dear money, a reduction in the prices of commodities, and by labor troubles. In view of these contingencies and of the loans the banks will be required to make, Canadian bankers propose to take early action to devise ways and means to provide protection against a possible emergency after the war. A standing committee of the Canadian Bankers Association has been appointed to watch the general situation as it develops, to confer frequently, and to offer observations and suggestions regarding the policy the banks as a whole should pursue. The confidential committee of the association will watch the general financial situation and communicate with the general managers of the banks from time to time.

The authorities at Ottawa have undertaken to consult with the banks every few months to review generally the financial situation and furnish estimated requirements before new commitments are requested. Precautionary arrangements, however, have been made by both the Imperial and Federal Governments under which the Canadian banks can at any time, under minor restrictions, convert their holdings of Government securities into cash, should it be necessary to take such a step.

Federal Estate Tax

By F. M. KENNEY, Cashier Olympia National Bank,
Olympia, Wash.

EVERY banker should study the Estate Tax section of the Revenue Act, which became effective September 9, 1916.

Estates of decedents dying on or after that date are taxable, when, if a resident, the net estate is over $50,000, and to any net estate within the Untied States, Hawaii or Alaska, of a non-resident.

Power is vested in the Commissioner of Internal Revenue to issue regulations, and Article X, Paragraph 1, provides that where executors or administrators are appointed, within thirty days after the issuance by the court of letters testamentary, or letters of administration, formal notice of such issuance must be filed by them with the collector of the district within which decedent was a resident at the time of his death.

Paragraph 2 requires any person coming into possession prior to the issuance of letters to the executors or administrators of any property of a decedent, within thirty days of the day of acquiring possession, to file a similar notice with the collector.

Any bank or trust company having a deposit, whether it be $1 or $50,000, or having other property in their possession, of a resident decedent, is required to report the same to the internal revenue collector of the district in which decedent resided, within thirty days of death, if the deceased had a gross estate of $60,000, or a net estate of $50,000, and in case of non-residents, notice must be given as above provided, by the possessors of any of the decedent's property, as a non-resident does not have the exemption of $50,000, but only a *pro rata* of certain expenses, as the estate within the United States is to the whole estate, and then only when proper statement of the entire estate is filed with the collector.

Stock in domestic corporations is treated as property within the United States, Hawaii, or Alaska, for the purposes of the tax; so be sure you are protected before transferring stock of a non-resident decedent.

Persons other than executors or administrators, having any portion of a taxable estate in their hands, must make the notice, and can be saved from the responsibility only if, prior to the expiration of thirty days of the death of a decedent, the required notice has been filed by his executor or administrator. The tax payment also is collectible out of the property in the charge of any such person, if the payment has not been made before the due date by the executor or administrator, and the penalty imposed for failure to fulfill this requirement, or to make the proper notice, is a fine of $500, together with the costs of suit, to be recovered in a civil action.

Section 209 of the law provides that any unpaid amount of tax due is a lien for ten years upon all of the property of the decedent, except such part of the gross estate as is used for the payment of charges against the estate, and the expenses of its administration allowed by any court having jurisdiction thereof shall be divested of such lien.

The same section provides that if the decedent makes a transfer of or creates a trust with respect to any property in contemplation of or intended to take effect at or after his death (except in the case of a *bona fide* sale for a fair consideration in money or money's worth) and the tax in respect thereto is

not paid when due, such property or any part of it sold by a transferee or trustee to a *bona fide* purchaser for a fair consideration in money or money's worth, shall be divested of the lien, and a like lien shall then attach to all property of the transferee or trustee, excepting that part as above specified holds.

The law ought to be amended, as it certainly is unfair to permit a trustee or beneficiary to divest himself of title and clear such property from the liability of a tax on *bona fide* transactions and not have a similar rule apply where a purchaser obtains the property direct. Under the present law there is a possibility of a cloud remaining on the title of such property for ten years after the date the tax is imposed. To illustrate: Brown gives Smith an agreement to sell certain real estate and places the deed in escrow, to be delivered upon the completion of the payments. Brown dies and Smith completes his payments, takes up the deed executed by Brown during his lifetime. As title did not pass from Brown until the payments were made, and his entire estate is subject to the tax liability, apparently Smith would be taking a clouded title. It is only equitable and proper that property acquired by *bona fide* purchase should be relieved and the executors or administrators made responsible for the payment, together with the balance of the estate; for, if the decedent leaves real property in the States of Washington, Oregon and Idaho, there is a separate administration in each of the three states, and only on the property within its borders. Therefore, a person may buy property in Oregon that, according to the records is of the value of, say, $5,000 or $10,000, and apparently not any portion of a taxable estate, as far as the records would show, still when the entire estate is collected together it would be subject to tax.

The tax commissioners of this State (Washington), whenever an estate is, in their opinion, not subject to the state inheritance tax, will give a written release of all claims, and it seems to me that the United States should, pending a change in the law, issue regulations permitting like action on the part of their collectors. Corporations ought to know whether they can or cannot transfer stock of decedents, especially nonresidents, without becoming liable for the tax; also that purchasers of personal property, like stocks. will know that they are acquiring them free and clear of any liens. In this state the tax commissioners give written permission to the corporations to transfer stock belonging to decedents not residing within its borders, and the government undoubtedly could and should do likewise.

For Uniform Warehouse Receipts

INASMUCH as warehouse receipts are widely used as collateral for loans, and some standardization of forms appears to be desirable, the American Bankers Association has taken up the matter by appointing a committee to study the subject. This committee, which was named recently by the administrative committee, consists of W. H. Burks, cashier, Security State Bank of Wellington, Kan., chairman; A. S. Beymer, vice-president and cashier Keystone National Bank, Pittsburgh, Pa., and Gordan L. Groover, vice-president Citizens and Southern Bank, Savannah, Ga.

Uniformity of credit statements has also been engaging the attention of the association for some time past, and the committee on credit forms, which has this work in charge, is expected to submit a report at the spring meeting of the executive council May 7-9, 1917.

The Small Account Problem

What has been your experience with the small account problem? How do you handle this troublesome feature? Readers of THE BANKERS MAGAZINE are invited to tell through these columns of their methods of handling unprofitable business of this sort.

THE "unsatisfactory balance" has for years been one of the sorest trials of the banker, placing him in the puzzling dilemma of trying to avoid unprofitable business without antagonizing customers or sacrificing good will. The depositor who is told frankly that his account is not profitable is only too apt to take it as a personal insult and the damage that he might do by spreading a gospel of ill-will among the bank's customers, might easily mean a far greater loss than the lack of profit from the account.

W. H. Kniffin, Jr., in his book, "The Practical Work of a Bank," says:

"The small account is the problem. They are numerous, and the balance often small—so small as to be almost a negligible quantity. And the problem is whether to refuse them, and thus drive away future business, or make a charge for carrying them, or accept them as they come. A small balance carefully nursed along may prove in the end a most desirable one. The owner may have a struggle, and the account may show the evidence thereof, but once he gets established he may prove a very desirable customer, and the poor depositor often becomes a very good borrower; and a good borrower is often excused for keeping a small balance, for good borrowers are the life blood of banking, and good borrowers are as necessary as good depositors."

While it is undoubtedly true that many banks do carry the small accounts of young business men in the hope and expectation that it will grow and become profitable, there are many cases in which this expectation is not justified. In suburban communities, for example, the bank is often called upon to carry many small household accounts which are constantly checked against and which do not offer any prospect of becoming larger. Nor do these depositors ever become borrowers, and thus offer opportunities of profit to the bank. The depositor in a suburban bank in most cases has a business account with another bank in the city and it is there that he seeks any banking accommodation.

This same burden of unprofitable business is borne in an even greater degree by the bank in a university town that is called upon to carry the accounts of a large number of students. The bank balance of the college student is at best visionary and is not apt to ever even assume the dignity of three figures except on those intermittent occasions of the arrival of the "check from home."

G. T. Douglas, assistant cashier of the Berkeley Bank of Savings and Trust Company of Berkeley, Cal., was confronted with this same problem of the student account. He wrote to a number of banks in large educational communities to find out how they were handling student accounts, but after a thorough investigation decided upon a plan somewhat different from that of any now in vogue, a charge of 50 cents per month, on all student checking accounts, falling below $50 at any time during the month. Writing about the success of the plan in the "Coast Banker" Mr. Douglas said:

"Prior to the inauguration of our charge system, we had approximately 1,400 student checking accounts. The

original notice of the proposed change was brought to the attention of the students in December, two weeks prior to the close of the first semester. We announced that the new system would go into effect on January 15, the opening day of the second semester.

"Between December 15 and January 25, there was a net decrease of 311 in the number of students checking accounts and at the same time a very satisfactory and substantial increase in the total student account balances.

"We are operating with one less bookkeeper than prior to December 22, and the detail work of our present force has been materially reduced by the absence of a number of old small and aggravating accounts.

"Prior to December 15, our daily average of returned checks, drawn in excess of balance, for students alone, was eleven. Since the inauguration of the new system we have averaged less than two.

"We have opened a new general ledger account, entitled, "Small Account Fees," which shows a very substantial balance, covering the first month's charges.

"We were especially pleased at the manner in which the change was received by the students, a large number of whom have expressed their entire approval of the plan, in many instances bringing larger deposits than had been their custom before.

"Since the inauguration of the charge in this bank, we have been advised of its adoption in one of the banks in a large Eastern university city, and have been assured by a number of others that they are waiting to see the outcome of the system in Berkeley.

"As outlined in the foregoing, the plan is eminently satisfactory to us and has partially solved the student account problem which has effected us so materially in the past."

Square Nickels?

A MOVEMENT is said to be on foot for the introduction of square money into this country. Whether it will come to anything remains to be seen; but there are some who claim that the idea certainly has its advantages.

What would these advantages be? Well, for one thing, it is claimed that the mint authorities would save an appreciable amount of packing from the well known fact that square money will fit into a square box with less waste of space than will round. This also applies to the case of all large traders and bankers, who have to dispatch large quantities of bullion every month.

The private individual will probably be more interested in the matter when he hears that the gross total of money loss every year in this country through coins dropped amounts to many thousands of dollars. This is largely due to the fact that round coins, when they fall to the ground, are apt to roll into unlikely places, from which they are never recovered. A square coin would lie where it pitched.

In China coins are pierced with a square hole in the centre. In this way they can be strung together and carried without fear of loss. Might we not learn a lesson from the Orient in this?

Another argument in favor of square coins is urged by artists, who declare that it is almost impossible to get a really artistic design "in the round" when so little space is allowed. A rectangular coin, they say, would give the designer a real chance to distinguish himself.

BANKING SERVICE for WOMEN

Equipment and Facilities

ATTRACTIVE equipment is undoubtedly a strong factor in the success of a Woman's Department. A special room or rooms should, of course, be provided and distinctively furnished. This work may be left to the decorator and furnisher under the guidance of some woman of taste, and one who really understands what such a room should be, all to be supervised by an official of the bank to see that it properly conforms to the general plans of the institution. Appropriateness, rather than luxury, may well be the prevailing note of the department. Above all, it should provide adequately for the transaction of business with ease, comfort and some degree of privacy. Women unaccustomed to banking may feel a certain degree of timidity at first in making out checks, deposit tickets, etc., and seclusion will relieve them of unnecessary embarrassment.

The Fifth Avenue Bank of New York is sometimes referred to as the "women's bank," although as a matter of fact it carries about an equal number of men's accounts. Herewith is an illustration of its beautifully appointed rest-room for the especial use and convenience of its feminine depositors. This room was designed by Henry Rutger Marshall and is decorated after the manner of what is technically known as Georgian Renaissance. The walls, which are divided by pilasters, are covered with a light golden silk brocade; pilasters, cornice and ceiling are painted in a light cream color, the whole harmonizing with a rich East Indian rug that covers the greater part of the teakwood floor.

On first entering the room the eye is attracted by a large open fireplace, over the mantel of which hangs a beautiful picture painted especially for the room. The room, which has a maid in constant attendance during banking hours, is distinctly furnished as a lady's parlor, with the delicate furniture and such conveniences as would be used by a lady in her own boudoir. Adjoining the large room are very ample and convenient dressing rooms and toilets.

A great deal of thought can be put into the rooms which a bank assigns to women patrons. A good arrangement is to have the business room with the teller's counter on one side of it and the rest-room adjoining. In this room—or in an additional one, if space permits—may be such conveniences as a sewing table, a work-basket—which are not directly related to banking, but are yet of great convenience to the woman who wishes to put a stitch in a glove or to mend a skirt binding. The wind sometimes plays pranks with a woman's hair and her hat, and provision for remedying these little annoyances will be appreciated. Chairs that are comfortable rather than ornamental, and a low restful lounge that may afford a little repose to the woman with a sick headache are also a useful part of the equipment. A few distinctive illustrated books,

Corner in the Ladies' Room, First National Bank, Syracuse, N. Y.

The ladies' room is a special feature of the institution, being located on the main floor adjacent to the safe deposit departmet, and is finished in dull tints of gray and old rose

rather than the current magazines, will serve to enlist interest while waiting. Flowers and a few well-chosen pictures are always appropriate. Preferably the woman's room should be on the street level, thus avoiding the steps, which are never popular.

Aside from the ordinary accessories found useful in a customers' room, such as a calendar, stationery, telephone directory, railway and steamship time tables, guides of various kinds, etc., there may be such other conveniences as will make an especial appeal to women. The telephone will, of course, constitute an important feature of the equipment.

That the room or rooms when the equipment is completed should be placed in charge of a woman is the general opinion of those experienced in the conduct of these departments; but some officers of the bank should be available for frequent consultation, as some women may prefer to consult men in regard to important banking matters.

The Land Bank of the State of New York

By HENRY A. THEIS, Vice-President and Manager The Franklin Society, New York

LAST year by action of the Legislature the bonds of the Land Bank of the State of New York were made legal investments for trustees, executors, administrators, guardians and savings banks. Investors probably now know little of the Land Bank and the financial principle which brought it into being, because they have not had the opportunity to study them. As soon as they become acquainted with the security behind Land Bank bonds, they will, I am sure, be large purchasers of these bonds.

The Land Bank bond is an important forward step in the science of finance within the state, and is certain to have its influence felt in other states, for they will be sure to follow the lead of New York in this direction. First Deputy Superintendent of Banks, Mr. Skinner, in his address to the State League of Saving and Loan Associations, said:

"I do not dare tell you to-day how great a thing I believe the Land Bank of the State of New York, if properly supported by the associations of this league, will become. Its opportunities are almost unexampled."

It is the purpose of the Land Bank to supply an investment secured by real estate which is liquid as well as sound on the one hand, and to supply funds to savings and loan associations with which to enable them to finance the building of homes for the thousands of people who want to own their own homes.

Real estate has always been the most stable security behind high-grade investments. In this country the forms of real estate securities offered have not attracted their proper share of the funds available for investment, largely because they are slow and not readily convertible into cash. European countries long ago developed forms of real estate securities which are liquid—so much so that in some countries these securities change hands almost as freely as paper money.

After studying the European system the State of New York recently applied itself to the problem of creating an investment secured by real estate which would be liquid as well as stable, and it resulted in the creation of the Land Bank of the State of New York. The Land Bank is in a measure to the savings and loan associations what the Federal Reserve Bank is to the national banks. Its capital is unlimited and its stock can only be owned by savings and loan associations organized under the New York State Banking Law. Both savings and loan associations and the Land Bank are carefully restricted in their methods of business and in their investments by the Banking Law, and are under the supervision of the Superintendent of Banks. There are about 250 savings and loan associations within the state and for many years they have been conducting a conservative business for the encouragement of saving money and owning homes. The growth of these institutions has been consistent and persistent and their officers are generally conspicuous for their public spirit, high character and prudent business management. The assets of these associations consist almost entirely of first mortgages in small amounts, averaging about $2,500, which

mortgages are repaid in monthly instalments.

The borrowing capacity of a member savings and loan association is based upon the amount of its stock ownership in the Land Bank. A member association can only borrow $20,000 for each $1,000 stock ownership. No association can have more than ten per cent. of its resources invested in Land Bank stock. When an association borrows from the Land Bank its assets are pledged to the Land Bank as security for the loan. Part of its assets (mortgages to the amount of $1,250 for each $1,000 borrowed) is actually assigned to the Land Bank and filed with the Comptroller of the State of New York. The bonds of the Land Bank bear the endorsement of the Comptroller certifying that mortgages securing them are deposited with him. The security behind the Land Bank bonds, therefore, is first the capital and surplus of the Land Bank itself, and second the assets of the savings and loan association for whose benefit the bonds are issued, with part of its assets physically in the possession of the Comptroller of the State.

Land Bank bonds are issued in series, ten per cent. being redeeemed each year. In this way the Land Bank redeems its bonds during the period in which the mortgages in the possession of the Comptroller are paid off to the savings and loan association and by it to the Land Bank. All the bonds of the Land Bank so far issued have been bought by the Guaranty Trust Company bond department, and it is confidently expected that before long millions of these bonds will be freely dealt in. There is no doubt also that as soon as these bonds become better known and the security behind them realized the interest return will greatly decrease. Some believe they will sell ultimately on a three per cent. basis. They now bring four and one-quarter per cent.

The creation of the Land Bank and its growth will be large factors in the building of new one and two-family houses financed with amortization loans, as well as in the refinancing of many such houses already built by the substitution of amortization loans for the unsatisfactory so-called straight mortgage.

THE habitual spendthrift is a menace to the community and to the nation; the careful citizen, guided by a sense of the true value of property, is a safeguard to our institutions. Habits of extravagance tend to disrupt the family, the community, the nation.—

FRANK C. MORTIMER

Banking and Commercial Law

CASE COMMENT AND REVIEW

Sunday Contracts

AT common law the fact that a bill, note or check was drawn, made or accepted and delivered on Sunday, was immaterial. But this rule has been changed in many states by legislation, which in effect prohibits the transaction of secular business on Sunday. The courts in many cases have held that contracts made and completed on Sunday are void. Where this rule obtains, there can be no recovery upon such instruments by any party to the contract. The indorsement of an instrument is a separate contract, and if delivered on Sunday falls within this rule and the endorsee cannot recover from the endorser.

While the making of an instrument is not of itself an unlawful act, if done on Sunday, and delivery made on a secular day, it will be held good. So also, if the contract be ratified on a secular day, it will be held good.

Whether a valid delivery can be made on Sunday depends entirely upon the statutes of the particular state. If a contract can be made on Sunday, a good delivery can be made, otherwise not. In New York a contract may be made which does not contravene the good order and decorum of the day—in other words, which is not publicly carrying on or doing business. In other states, the statutes forbidding secular business or work, labor or business on that day, make the drawing and delivering of an instrument invalid. Such statutes are in force in Connecticut, Delaware, Georgia, Iowa, New Hampshire, New Jersey, Wisconsin and other states.

Thus the Iowa statute reads: "If any person be found on the first day of the week, commonly called Sunday, engaged in carrying firearms, dancing, hunting, shooting, horse racing, or in any manner disturbing a worshipping assembly or private family, or in buying or selling property of any kind, or in any labor except that of necessity or charity, he shall be fined not more than five, nor less than one dollar, and be imprisoned in the county jail until the fine, with cost of prosecution shall be paid."

In the case of Gooch vs. Gooch in this issue, the defense was that the note sued upon was dated on Sunday, and its making was void under this act. While some Iowa cases hold such notes void, later decisions hold such contracts not void, but voidable. That is to say, a Sunday contract is good unless challenged for invalidity on account of violating the Sunday law, and it may be ratified on a secular day by a payment on the note or a new promise to perform or something equivalent thereto.

Again, it is the almost universal holding of the courts that while a negotiable note may, as between the parties, be avoided if made on Sunday, yet if it appears on its face to have been made on a secular day and is transferred in good faith for value before maturity to one having no knowledge of any infirmity therein, the transferee may enforce the same although made on Sunday.

The Bank and its Depositors

Among the many misconceptions concerning banks and banking is the relationship that exists between the bank and its depositors. The common im-

pression is that the bank is custodian of the funds deposited, paying them out as the depositor orders, or returning the same upon demand to the depositor in person. This is, as all bank men know, fallacious; but the legal relationship is not definitely known to many bankers themselves. This relationship depends upon the character of the bank and briefly stated is as follows: In banks of discount the relationship is that of debtor and creditor; that is to say, the funds become the absolute property of the bank and the depositor becomes a creditor in the amount deposited. When demand is made for the return of the funds, the demand takes the form of a demand that the debt be settled, rather than that the money be returned. And the drawing of a check is not the transfer of the money to another, but the transfer of the right to demand the cancellation of the debt by the payment of the money or its acceptable equivalent. In the case of Laighton vs. Brookline Trust Co., in this number, the Supreme Judicial Court of Massachusetts says: "It is well settled that funds on general deposit in a bank are the absolute property of the bank, that the relation between the parties is that of debtor and creditor."

In the case of a savings bank, however, the relationship is that of trustee, and ces tui que trust, the bank becoming trustee for the depositor, jointly and severally, for the investment of the funds deposited. This relationship has some of the elements of debtor and creditor, but the matter is one of contract, this contract being in the form of the pass book issued to each depositor and which contains the rules and regulations governing the deposit, in other words, the conditions of the contract. The demand which is evidenced by the production of the pass book with an order in writing, is a request that the funds be returned to the owner under the trust arrangement. In the event that the bank cannot by reason of losses meet the demand in the first instance, it could do but one thing—plead insolvency; but in the latter, it may plead that there are not enough funds to meet all the demands for settlement and apportion the loss among the beneficiaries; or in other words, assess the depositors their pro rata amount to bring the bank to a state of solvency, the latter process having obtained in several states and with court sanction sufficient to make it a settled legal policy of savings banking. The relation of the savings bank and its depositors therefore becomes more in the nature of a partnership, which also implies trusteeship in all matters pertaining to partnership affairs, while in a bank of discount it is a matter of debtor and creditor.

Leading Cases

Relation of Bank to Depositor

MASSACHUSETTS

General Deposit—Application of Deposit—Insolvency—Jan. 4, 1917

Supreme Judicial Court of Massachusetts.

LAIGHTON ET AL. VS. BROOKLINE TRUST CO.

Funds on general deposit in a bank are its absolute property, the relation between the parties being that of debtor and creditor.

A bank is ordinarily entitled to apply the balance on an account due the depositor to the satisfaction of a debt due from him to the bank.

Where a depositor died leaving an insolvent estate, the bank can apply the balance of the deposit as it existed at the depositor's death toward debts due from him to the bank. (114 N. W. Rep.)

Action by William B. Laighton and others, executors, against the Brookline Trust Company, upon an agreed statement of facts. Ruling for plaintiffs, and case reported for determination by the Supreme Judicial Court. Entry of judgment for plaintiffs ordered.

STATEMENT OF FACT AND OPINION

Crosby, J. The plaintiffs are executors of the estate of James A. Laighton, who deceased on August 25, 1912. Upon that date he had a deposit with the defendant of $1,372.90, which deposit, after deducting $18.40 interest due the defendant, amounted to $1,354.50. At that time the testator owed the defendant four promissory notes, none of which were due or payable.

The plaintiffs, upon their appointment, instead of taking over the account, or opening a new account, as properly they should have done, made from time to time deposits to this account of funds belonging to the estate. On or about October 2, 1913, the plaintiffs wrote the defendant that the estate might prove insolvent, and on October 11 the defendant charged the amount of the notes with interest due thereon against the account, and notified the plaintiffs of its action by letter dated October 16, 1913. The estate is insolvent and has been so represented in the probate court by the executors. The question is, whether the defendant can apply the deposit to payment of the notes due it, and, if so, to what amount?

The plaintiffs contend that, as the estate is insolvent, no part of the account can be applied to payment of the notes.

It is the contention of the defendant that it is entitled to apply so much of the account as is necessary to pay the notes, and that it is liable to the plaintiffs in this action only for the balance of the account.

It is well settled that funds on general deposit in a bank are the absolute property of the bank, that the relation between the parties is that of debtor and creditor, and that the bank is entitled to apply the balance of the account due the depositor to the satisfaction of the debt due the bank. National Mahaiwie Bank vs. Peck, 127 Mass. 298, 301.

It is equally well settled that ordinarily a bank has a right to apply a deposit toward the payment of its claims against the depositor although the latter or his estate is insolvent. Furber vs. Dane, 203 Mass. 108; Wiley vs. Bunker Hill Nat. Bank, 183 Mass.; Clark vs. Northampton Nat. Bank, 160 Mass. 26; Boyden vs. Mass. Life Ins. Co., 153 Mass. 544; Demmon vs. Boylston Bank, 5 Cush. 194.

We are of opinion that the defendant is entitled to apply the balance of the deposit as it existed at the date of the death of the testator.

In an action by or against an executor or administrator the statute (R. L. c. 174, § 6) permits a defendant to set off a claim due to or from the testator or intestate, and the remaining question is, whether the amounts deposited by the plaintiffs after the testator's decease can also be set off in payment of the defendant's claim. The statute is doubtless remedial in its nature and is to be given a broad and liberal construction. Still we are of opinion that it ought not to be so interpreted as to allow to set-off of that part of the account which has been deposited by the plaintiffs of moneys belonging to the estate. We think that the right to set-off is limited to the balance of the deposit as it existed at the time of the testator's death. It could not successfully be contended that, if upon the appointment of the plaintiffs as executors, they had opened a new account and made deposits therein, such account could have been set off against the defendant's demand. The funds of the estate deposited by the plaintiffs did not belong to the account standing in the name of the depositor, nor could they properly be credited to his account after his decease. Accordingly they are to be treated as if deposited in the name of the plaintiffs in their representative capacity. The deposits made by the plaintiffs stood upon an entirely different footing than did that part of the account which existed at the date of the testator's death. As to the account as it then stood, the right of the defendant to set off was unimpaired notwithstanding his death.

We are of opinion that the judge of the superior court correctly ruled that the defendant's right to set-off was limited to the amount of the deposit at the date of the testator's death and could not include the amounts added thereto by the executors. To hold otherwise would permit the defendant to obtain an inequitable preference which would be unjust to other creditors. It follows that judgment should be entered for the plaintiffs in the sum of $1,907.32, in accordance with the finding made by the judge, with interest.

So ordered.

114 N. W. Rep. 671.

Note Executed and Delivered on Sunday

Iowa.

Good Consideration—Ratification.

Supreme Court of Iowa, December 16, 1916.

GOOCH VS. GOOCH.

Under the Sunday Law, Code, section 5040, a Sunday contract is good unless challenged for invalidity because in violation of the law.

A past consideration or a moral obligation to pay one for services which he has rendered without expectation of payment therefor is not a valuable consideration for the transfer of a note.

The transfer of a note on consideration of love and affection between relatives is good and vests title in the assigne.

A note executed on Sunday, but dated on a week day, is enforceable in the hands of an innocent transferee after maturity for good but not valuable consideration, since the transferee was not in pari delicto with either of the parties, and to permit the maker to defeat the note in the hands of the innocent holder would allow him to take advantage of his own wrong.

A note executed on Sunday may be ratified on a week day, without any new consideration, by payment upon the obligation or any distinct recognition thereof.

Action at law upon a promissory note made and executed by defendant to one T. J. Gooch, and by the latter assigned to plaintiff. The defense was that the note was executed and delivered on Sunday. The case was tried to the court, without a jury, resulting in a judgment dismissing the petition. Plaintiff appeals. Reversed and remanded.

STATEMENT OF FACT AND OPINION

Deemer, J. The action is bottomed upon a note for $1,000 due one month after date. It is dated October 19, 1912, and bore interest at the rate of eight per cent. The defense is that although the note bears a secular date it was in fact executed and delivered on Sunday the 20th of October, 1912.

The defendants also averred that the note was transferred to the plaintiff after maturity without any consideration passing from the assignee to the assignor thereof. Plaintiff in reply pleaded that the note in suit with another was given in renewal of certain other notes theretofore executed by the makers for money borrowed by them; that the payee did not know the note was executed on Sunday; that it bore a secular date; and that he assumed it was made on the date it bore. He also pleaded that the note was transferred to him after maturity, both for a good and valuable consideration, and that thereafter and on a week day the defendants admitted the execution of the note and ratified the same. It was on these issues the case was tried, resulting in a judgment dismissing the petition at plaintiff's costs.

The trial court found that the note was executed on Sunday which the original payee knew, or must have known, and that it was transferred to plaintiff after maturity without any valuable consideration then passing from plaintiff to the original payee. The truth about this is that there was no consideration which passed at the time of the assignment, but the note was transferred by the original payce to the plaintiff, who is his grandson, first, because of the grandfather's recognition of labor performed for him by the assignee upon a farm while he was a mere boy, and, second, because he had given each and all of his other grandchildren something, and he

wished to equalize the matter by giving plaintiff the note.

Plaintiff knew nothing regarding the date of the execution of the note, and did not know it was executed and delivered on Sunday. This note and another for $500 were executed in renewal of other notes made by the makers of the note in suit for money borrowed of the payee, and the old notes were surrendered to the makers.

On the issue of ratification, plaintiff showed that defendant E. E. Gooch and his wife, L. C., in giving their assessments for the years 1914 and 1915, stated that they had moneys and credits in the year 1914, $2,000 money in the bank, and that they owed T. J. Gooch the sum of $1,500 on notes, and that E. E. Gooch had $2,500 in money in the bank in the year 1911, and that they owed T. J. Gooch on notes $1,600. The $1,500 in notes to T. J. Gooch is said to be the one in suit, and the other $500 one executed at the same time, and the $1,600 is said to be made up of these same two notes, and also an annuity of $100 they had agreed to pay to T. J. Gooch, their father.

These are the facts as shown by the record, and the first question which arises is: Should plaintiff be defeated because the note was executed on Sunday At common law the fact that a note or other contract was executed on Sunday was no defense to an action on the instrument. If that fact be a defense it is because of our Sunday law. The statute on that subject, so far as material, reads, as follows:

"If any person be found on the first day of the week, commonly called Sunday, engaged in carrying firearms, dancing, hunting, shooting, horse racing, or in any manner disturbing a worshipping assembly or private family, or in buying or selling property of any kind, or in any labor except that of necessity or charity, he shall be fined not more than five nor less than one dollar, and be imprisoned in the county jail until the fine, with costs of prosecution, shall be paid." Section 5040.

The making of a note or contract on Sunday is held to be a violation of this act. Sayre vs. Wheeler, 31 Iowa, 112, Id., 32 Iowa, 559; Pike vs. King, 16 Iowa, 49. In some of the cases it is said that a note executed on Sunday is void; but it is manifect from our later decisions that it was not the purpose to hold it void, but simply voidable. That is to say, a Sunday contract is good, unless challenged for invalidity because made in violation of the Sunday law, and it may be ratified on a secular day by a payment on the note or new promise to perform or something equivalent thereto. McIntosh vs. Lee, 57 Iowa, 356; Russell vs. Murdock, 79 Iowa, 101, 44 N. W. 237; Collins vs. Collins, 139 Iowa, 703. Again, it is the almost universal holding of the courts that while a negotiable note may as between the parties be avoided if made on Sunday, yet if it appears on its face to have been made on a secular day and is transferred in good faith, for value before maturity to one having no knowledge of any infirmity therein, the transferee may enforce the same, although made on Sunday. Clinton Nat. Bank vs. Graves, 48 Iowa, 228; Daniel on Negotiable Instruments, section 70, and cases cited, among them Cranson vs. Goss, 107 Mass. 439; Knox vs. Clifford, 38 Wis. 651.

We have also held that such a defense cannot be interposed if the transfer be made after maturity if the note itself bears a secular date. Leightman vs. Kadetska, 58 Iowa, 676; Johns vs. Bailey, 45 Iowa, 241. In the Leightman Case, supra, it was said:

"The defendant, Ludwig, insists that as the note was transferred to the plaintiff after maturity, he took it subject to any defense which the defendant might have set up, if it had not been transferred, and an action had been brought thereon by the payee. That the defendant may, in such case, set up any equity which existed in his favor, as against the payee is, of course, not to be denied. But the defendant's difficulty is, that he does not show that any equity existed in his favor as against the payee. The rule which would have allowed the defendant to defeat the action if it had been brought by the payee is not based

upon such idea. The point presented in this case was expressly ruled in Johns vs. Bailey, 45 Iowa, 241. It is only against a person in equal fault that a defendant can be allowed to allege his own turpitude."

It is true that in that case the note was transferred after maturity for value which we suppose means that there was a present valuable consideration. The instant case differs from that only in the fact that no present consideration passed for the transfer to the plaintiff. It cannot be said that the indorsement to plaintiff was upon a valuable consideration or for value. The consideration was what has been called a past one, or a moral obligation to pay the plaintiff for services which he rendered the assignor of the note, there being no expectation on the part of either at the time the services were made that payment should be made therefor. Under the law, neither amounts to a valuable consideration. Allen vs. Bryson, 67 Iowa, 591. But the consideration was a good one that is based upon love and affection which the father, the indorser, had for his grandson, the indorsee, and the assignment was good and vested the title to the note in the assignee. This would be true even if the transaction amounted to a gift. Whether or not such an assignee takes a note in fact executed on Sunday, but apparently made and delivered on a secular day, subject to the defense that it was executed and delivered on Sunday, depends upon the rationale of the rule which permits recovery upon a contract in fact made and delivered in violation of the statute which we have quoted. This appears from the following quotation from Johns vs. Bailey, 45 Iowa, 241:

"It has been repeatedly held by this court that a contract executed on Sunday, as between the parties, is of no effect and will not be enforced by the courts of this state. The decisions are based upon the principle that contracts in violation of law are without binding force; the parties thereto, being in delicto, can claim no rights under them. Secular employment is forbidden on Sunday by the laws of this state; contracts, therefore, cannot be entered into on that day without a violation of law, and cannot be enforced. The ground of the principle upon which such a contract is pronounced invalid is the violation of the law by the parties thereto. It is causa turpis. The parties to the contract are particeps criminis, and are in pari delicto; neither can enforce the contract, for both are violators of the law. A contract made on Sunday is not a nullity. If for labor which is performed on another day by one party, the other cannot set up its turpitude to defeat an action thereon against him. Mernwiths vs. Smith, 44 Geo. 541. It is not wholly inoperative for when executed no relief will be granted to either party. Myers vs. Meinrath, 101 Mass. 366. When such a contract is spoken of as being void, the language is understood to mean voidable; that is, it may be defeated—cannot be enforced by action. See Pike vs. King, 16 Iowa, 49; Adams vs. Gay, 19 Vt. 358. We know no reason why a written contract made on Sunday may not be transferred by proper writing. Surely, such a transfer would be valid between the parties thereto. If the contract is not a nullity, it may be transferred. When transferred, what are the rights of the parties? If the assignee took no part in the inception of the contract, and had no notice of its turpitude, he did not violate the law forbidding the execution of the instrument. He is not particeps criminis with the obligor. The rule, ex turpi causa non oritur actio, will avail to protect a wrongdoer against an innocent party whose rights have been acquired without notice of the violation of law. Quirk vs. Thomas, 6 Mich. 76. The courts will afford relief where parties to an illegal contract are not in pari delicto. Schermerhorn vs. Talman, 14 N. Y. 93; Tracy vs. Talmage [14 N. Y.] 162; Quirk vs. Thomas, supra. In order to defeat a contract made on Sunday, it must be shown that the party seeking to enforce it had some voluntary agency in consummating the contract on that day. Sargeant vs. Butts, 21 Vt. 99.

"In the case before us the plaintiff caused the contract to be dated as

though it had been executed on a secular day. By this act the defendants may have been misled and induced to believe that the defense now made to the contract did not, in fact, exist. While giving all the appearance of legality to his contract, plaintiff cannot set up its illegality to protect himself against the instrument when in the hands of a good-faith holder without notice. He is estopped to deny the validity of the instrument when he by his own act has given it such character. See Knox vs. Clifford, 38 Wis. 651 [20 Am. Rep. 28]; Cranson vs. Goss, 107 Mass. 439 [9 Am. Rep. 45], and authorities cited. The foregoing views are not in conflict with any decision heretofore made by this court. They certainly accord with the rules of equity, and lead to a result approved by justice. Applying them to the case in hand, we hold that plaintiff cannot set up the execution of the contract on Sunday to defeat it in the hands of defendants who are good-faith purchasers for value and without notice of the illegality pleaded."

Much of this reasoning is borrowed from the leading case of Cranson vs. Goss, 107 Mass. 439, 9 Am. Rep. 45, opinion by Gray, J. In that opinion the court said:

"The ground upon which courts have refused to maintain actions on contracts made in contravention of statutes for the observance of the Lord's day is the elementary principle that one who has himself participated in a violation of law cannot be permitted to assert in a court of justice any right founded upon or growing out of the illegal transaction. The general principle was long ago stated by Lord Mansfield, with his usual completeness and felicity of expression: 'The objection that a contract is immoral or illegal, as between the plaintiff and defendant, sounds at all times very ill in the mouth of the defendant. It is not for his sake, however, that the objection is ever allowed; but it is founded on general principles of policy, which the defendant has the advantage of, contrary to the real justice, as between him and the plaintiff; by accident, if I may so say. The principle of public policy is this: "Ex dolo malo non oritur actio." No court will lend its aid to a man who founds his cause of action upon an immoral or an illegal act. If from the plaintiff's own statement or otherwise the cause of action appears to arise ex turpi causa, or the transgression of a positive law of this country, then the court says he has no right to be assisted. It is upon that ground the court goes; not for the sake of the defendant, but because they will not lend their aid to such a plaintiff. So if the plaintiff and defendant were to change sides, and the defendant were to bring his action against the plaintiff, the latter would then have the advantage of it, for when both are equally in fault, "potior est conditio defendentis."' Holman vs. Johnson, Cowp. 341, 343. * * * The law simply refuses to allow either party to invoke any aid from the court to give effect to an illegal transaction in which he has taken part. * * *

"In the present case, it is agreed that the contract which was the consideration of the note in suit was made on Sunday, and that the note was made, signed, and fully delivered on Sunday to the original payee. Clearly therefore he could not have maintained an action upon it. But it is also agreed that the note bears date of a secular day, and that the plaintiff is a bona fide holder of the note, for a valuable consideration, and took it before it became due, without notice of any defect, illegality, or other infirmity in the same. The plaintiff therefore, not having participated in any violation of the law, and having taken the note before its maturity for good consideration and without notice of any illegality in its inception, may maintain an action thereon against the maker. To hold otherwise would be to allow the party, who alone had been guilty of a breach of the law, to set up his own illegal act as a defense to the suit of an innocent party. This view is supported by the judgments of all the courts, English and American, that have considered the question. And it is in accordance with the decisions of this court upon notes made in violation of other statutes, except those against usury and gaming, which last have often

contained peculiar provisions, and, as observed by Chief Justice Shaw, 'declared that the note should be absolutely void to an intents and purposes, or, as is sometimes said, applied to the contract and not to the party."

Here, then, we have the reason for the rule as it has recently been reannounced and applied by us in Collins vs. Collins, 139 Iowa, 703,117 N. W. 1089. Plaintiff in this action was not guilty of the violation of any statute, and he did not know that either of the parties to the instrument had violated any law in the execution and delivery of the note. He was not in pari delicto with either of the parties, and to permit defendant to defeat the note in the hands of an innocent holder would allow defendant to take advantage of his own wrong.

This is no way offends against the general rule that an assignee has and can have no rights superior to those held by his assignor. Indeed, to the general rule thus announced there are many exceptions.

An assignee may have greater rights than his assignor because of an estoppel arising against the obligor or because for reasons of public policy, or otherwise, the debtor may take advantage of a defense against his original creditor which he cannot interpose against an assignee of that creditor. This case, as also the Johns Case, supra, from which we have quoted, are illustrations of that rule, or rather exceptions to the general one. There is another general rule which must often be applied, and that is, generally speaking, no one may take advantage of his own wrong or moral turpitude. Our Sunday statute does not declare transactions had on Sunday void or expressly say that they are invalid.

The invalidity arises because a penalty is imposed for doing the prohibited act, and neither party to the act may recover because of his own turpitude. An assignee of such a contract has been guilty of no wrong, and he does not even know that a wrong has been perpetrated; hence there is no reason why he should be punished or prevented from enforcing the note. As said by Gray, J., in the Massachusetts case, from which we have quoted, to allow the maker of the note to plead the violation of a Sunday statute against one who had no part in the violation thereof, is to recognize the right of a party to take advantage of his own wrong, a thing which the law abhors. We are satisfied without previous decisions on this question, and it follows that a defendant cannot rely upon the defense that the note was executed on Sunday. A note executed on Sunday may be ratified on a week day, and this ratification need not be supported by a new consideration. Payment upon the obligation or any distinct recognition thereof on a secular day is a sufficient ratification of the note to validate it. We need not determine whether there has been such a ratification as to validate the note. There is so much doubt about it that we do not wish to make any pronouncement upon that proposition at present. Under the rules hitherto announced by us, the trial court seems to have been in error in finding for the defendants, and its judgment must be and it is reversed, and the cause is remanded for a judgment in accord with this opinion.

Reversed and remanded.
(160 N. W. Rep. 333.)

Power of Cashier

KENTUCKY.

As general law of agency applies between cashier and his bank and third parties, whenever one deals with a cashier individually, such person is put on notice that cashier is not acting for bank.

Where defendant bank's cashier who had pledged his stock to plaintiff bank to secure individual loan converted the same after securing and surrendering it for reissue, *held,* that plaintiff could not invoke rule that defendant is charged with knowledge of its cashier of transactions within scope of the bank's business, although required in another transaction.

Where officer of a bank is personally

interested in a transaction to which bank is a party in interest, bank is not charged with knowledge acquired by officer in regard to transaction as he will not be presumed to impart knowledge which is adverse to his own interest unless officer acts for both banks or is sole representative of bank with which he deals.—Ohio Valley Banking and Trust Co. vs. Citizens Nat. Bank, 191 S. W. 433.

Insolvency

SOUTH DAKOTA.

Assets of insolvent bank become fund for payment of creditors, who must all be treated alike, unless there is some reason recognized by law entitling one to preference, a rule that applies to depositors.

Title to money deposited passes to bank, which becomes debtor of depositor, and deposit constitutes part of assets of bank for distribution among creditors on insolvency, except in cases of deposit for return, special deposit, or wrongful deposit.

City treasurer may deposit city's funds in bank, subject to check, giving rise to relation of debtor and creditor between bank and city, so that, when bank became insolvent, city was not entitled to preference over other creditors for its deposit.—City of Sturgis vs. Meade County Bank, 161 N. W. 327.

Collections

CALIFORNIA.

Where the payee of a genuine check indorsed it to his bank for collection, and the bank in turn, instead of cashing it, deposited it in the bank upon which it is drawn, there being no fraud, the drawer is relieved from liability, even though the drawee is insolvent, as the giving of credit on deposit will be treated as payment, though the drawer knows that this is the usual way in which his checks are disposed of.—Utah Const. Co. vs. Western Pac. Ry. Co., 162 P. 631.

Without Recourse

TEXAS.

A holder of notes indorsed without recourse cannot recover against his indorser on the notes, though he was induced by fraud to purchase them, but his remedy is by rescission of the contract and recovery of the price or by action for damages for fraud.—Doolen vs. Hulsey, 192 S. W. 364.

Payment in Error

SOUTH CAROLINA.

Where plaintiff bank mistook the certificate number of a draft for the amount and overpaid defendant, it was the latter's duty to give notice of the mistake as soon as he discovered it, and refusal to return it after demand was a conversion and fraud upon the bank.—Bank of Williston vs. Alderman, 91 S. E. 296.

Acceptance by Wire

MISSOURI.

Under Rev. St. 1909, section 10102, a telegram sent by drawee of drafts reading "cannot certify by wire, account amply good now," *held* not an acceptance of drafts, and, upon receipt of notice that drawer, had made an assignment for creditors, drawee properly declined to honor paper.—Carmichael vs. Tishomingo Banking Co., 191 S. W. 1043.

Merger

KENTUCKY.

Where a savings bank purchased the majority of the stock in a national bank

and had its directors and principal officers made the directors and principal officers of the national bank, the two banks were not thereby merged.—Kentucky Title Sav. Bank and Trust Co. vs. Day, 191 S. W. 886.

Special Deposit

A bank may not apply to the payment of a debt a deposit made for a known special purpose, or under a particular agreement that it could be drawn for specified purposes.

By its acceptance of a special deposit, a bank impliedly binds itself not to set off, against such depositor, a debt due from the depositor.—Lutz vs. Williams, 91 S. E. 460.

Altered Instrument

ARKANSAS.

Under Negotiable Instruments Act, section 124, alteration of check after delivery without knowledge or consent of maker, so as to leave no sign of alteration ordinarily observable, avoids check as to drawer, even in hands of innocent holder before maturity.—Arnold vs. Wood, 191 S. W. 960.

OKLAHOMA.

Holder for value of an instrument which has been materially altered, but to which alteration he was not a party, may enforce payment according to its original terms.—Conqueror Trust Co. vs. Simmon, 162 P. 1098.

Payment of Note

ARKANSAS.

Where note is found in possession of maker at time of her death, there is presumption it has been paid.—Finney vs. Rollins, 192 S. W. 210.

Refusal to Grant Charter

NEBRASKA.

Rev. St. 1913, section 295, relating to banks and banking, does not justify banking board's refusal of bank charter, where opposed stockholders have paid in the banking capital and possess qualification required by statutes and have fully complied with the law.

The state banking board's rules as to the granting of charters to proposed new banks, if in contravention of statute, are void.—State vs. Morehead, 161 N. W. 569.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Payment of Order After Death

Montpelier, Vt.

Editor BANKERS MAGAZINE:

Sir—There seems to be a difference of opinion among the banks in this vicinity in regard to payment of an order after death, and we would like to submit the following for your advice:

A gives B an order for $1,000 upon his savings book, payable on demand. The bank book and order are duly turned over to B by A, but B does not advise the bank that he holds such an order. A dies before the book and order are so presented and we would like to inquire whether in your opinion it is necessary to present the order to A's estate, or whether the bank would be justified in paying same upon demand.

Yours truly,

TREASURER.

ANSWER: Our judgment is that such a transaction would be construed as a gift, but in order to establish the facts litigation might be necessary. The death of the owner of the book does not operate to revoke the order as is the case where a check is presented after the death of the drawer. The essential elements of a gift are here present: namely, the intent on the part of the donor to

give; the delivery of the thing given to the donee in pursuance of such intent, and on the part of the donee acceptance. Beaver vs. Beaver, 117 New York 421. If, on the other hand, the gift was made in contemplation of death, and the owner died of the disease then existing, it would be construed as a perfectly valid gift causa mortis. If the intent of A was simply to make B agent to make the collection, it would alter the situation. The whole question hinges on the intent of the donor, and if it cannot be shown that it was intended to make the gift, the bank would not be justified in paying; but if the bank should decide to honor the order, it could be safeguarded by requiring an indemnity bond from B to protect it from the claim of the estate. There are numerous cases resulting from such transactions. There are usually two claimants for the amount, the estate holding that no gift was made, and the holder of the book claiming as a gift. You will find the following case to bear on the subject. In McGuire vs. Murphy, 107 App. Div., N. Y. 104, the depositor gave his book and an order for the full amount. The depositor died five days later. On the day the depositor died, the bank issued a new book in place of the old one. The estate claimed the money. The transfer was held good, the court saying:

"The rules applicable to checks are not pertinent, for the transaction was one peculiar to a savings bank depositor. The method of the transfer was by delivery of the passbook and order directing the bank to pay. We think this symbolic delivery of the deposit evidenced by the passbook, with the order, transferred irrevocably the fund to the transferee. It can be sustained as a gift as effectively as if the money had been paid over to Mrs. La Fleur. The transaction is unimpeached, and the delivery was the best of which the fund was capable unless the money itself had been withdrawn from the savings bank and handed to the donee, which would have been unusual, especially in the transfer of money on deposit in a bank of that character."

The money should be demanded of the bank and bond furnished if required to protect the bank against the adverse claim of the estate.

What Peace Means to the Steel Trade

AFTER-THE-WAR conditions in the steel trade are summarized and explained in an attractive pamphlet just issued by the American Steel Export Company of New York. The pamphlet is entitled "What Peace Means to the Steel Trade," and is written by Samuel Armstrong Benner, general manager of sales of the American Steel Export Company. The text appeared originally as an article in the "Iron Trade Review" of April 19, 1917.

Mr. Benner states that when peace comes and the present abnormal demand for steel for war purposes ceases, we may expect prices to recede to the normal and the following conditions to prevail:

1. Some demand from Europe itself for quick reconstruction purposes. This demand will not be proportionately great, nor for long.

2. Further constructive work in the United States.

3. Replenishment of stocks everywhere.

4. Abnormal constructive activity in Europe, and the non-producing markets, to make up for lost time.

Readers of THE BANKERS MAGAZINE interested in receiving copies of this pamphlet may obtain them without charge by writing to the American Steel Export Company.

Thrift

Address of WILLIAM J. COUSE, President Asbury Park Trust Company, delivered at the Farm Boys' Conference at Freehold, N. J., March 17, 1917, under the auspices of the Monmouth County Committee of the Rural Young Men's Christian Association

As a prelude I will give you a quotation from Henry Ward Beecher's "Dream Culture":

"There is something in the owning of a piece of ground which affects me as did the old ruins in England.

"I am free to confess that the value of a farm is not chiefly in its crops of cereal grain, its orchards of fruit, and in its herds; but in those larger and more easily reaped harvests of associations, fancies and dreamy broodings which it begets. From boyhood I have associated classical civic virtues and old heroic integrity, with the soil.

"No one who has peopled his young brain with the fancies of Grecian mythology, but comes to feel a certain magical sanctity for the earth.

"The very smell of fresh-turned earth brings up as many dreams and visions of the country as sandal-wood does of Oriental scenes. At any rate, I feel, in walking under these trees and about these slopes, something of that enchantment of the vague and mysterious glimpses of the past, which I once felt about the ruins of Kenilworth Castle."

A beautiful delineation of the happiness of ownership, is it not? How it stirs our emotions, and stimulates our desires for the joy of possession of something worth while—how it takes us out of the realm of commercialism and brings to us a keener appreciation of the finer side of life and quickens our sense of values!

It furnishes a higher motive for striving for possession than a mere accumulation of dollars, in a sordid spirit. "Money mad" is a disease more blighting than paralysis.

MANAGEMENT OF ONE'S OWN RESOURCES

Thrift is defined as "care and prudence in the management of one's resources."

What are one's personal resources?

Health,

Mental Capacity,

Moral Fibre.

These three are the primary resources that constitute our potentiality—our power to make our lives count in the highest degree.

Thrift is not only saving pennies, but saving lives—not merely storing up dollars, but conserving health—not simply investing money in bond and mortgage, but investing personal service in building manhood.

We live in a country of tremendous resources, which in the past we have freely drawn on with little regard for the future.

Our Federal and state governments understand the importance of conserving our natural resources of mines, forests and soil.

Through our agricultural departments coöperation is extended to the farmer in a practical way, so that by improved methods our soil is made to yield substantial increase without exhausting fertility.

We are understanding better the need of conserving our youth and training and developing them for a type of manhood that counts for stability and power in State and Nation—a process that re-

quires care to produce the highest efficiency and at the same time preserve health, mental capacity and moral fibre.

The Young Men's Christian Association is the best agency known for the conservation and training of boys and young men.

It is a health building, character building, manhood building enterprise, operated under modern business methods by trained specialists. It makes better students—so teachers tell us; it makes better farmers—so Prof. Agee tells us; it makes better clerks—so merchants tell us; it makes better and more conscientious employers—so employees tell us.

A Young Men's Christian Association of the right type is a force for good that cannot be measured in dollars and cents.

Individual responsibility is something we must face. What we will be depends on what we make up our minds to be, and how much we are willing to expend in effort.

A worth-while achievement costs!

Are we willing to pay the price?

Thrift requires self-control. The cultivation of both means development of character. Making money is easy compared with saving it.

The exercise of the will in the practice of thrift promotes stability, and stability is one of the solid planks needed to build a reputation.

Micawber always appreciated the close relationship between thrift and happiness, but lost his grip because of a life of indulgence.

With characteristic insight, but woeful hopelessness he expresses himself: "Annual income twenty pounds, annual expenditure nineteen-nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery. The blossom is blighted, the leaf is withered, the god of day goes down upon the weary scene and—and, in short, you are forever floored."

A little exercise of will power—a little sacrifice of passing pleasure—and soon the habit of thrift is formed. Once acquired we readily forego the fleeting sensations of extravagance for permanent happiness.

It is surprising, if you will systematically set aside a portion of your earnings, how quickly your savings will grow to a substantial sum when earning interest

When you have accumulated a few hundred dollars you may prudently invest it at a higher rate; but be sure you are well advised so that your principal will be safe.

We have been passing through a great educational campaign of thrift, inaugurated by the American Bankers Association through its Savings Bank Section.

The campaign has been conducted systematically by organized coöperation with various agencies, including Young Men's Christian Associations, in all parts of the United States.

In 1816 was established the first savings bank in the country.

At that time there were only 246 banks in the United States. The population was then 9,500,000. In four years ten savings banks were in operation, having 8,635 depositors and with total deposits of $1,138,576.

To-day there are over 27,000 banks and trust companies with total deposits of more than twenty-six billions of dollars; nearly all of them operating savings departments.

The practice of hoarding money which used to prevail years ago is practically a thing of the past.

People are familiar with the advantages of having a bank account and deposit their funds where they will be safely cared for and also where they will be immediately available at any time.

Our country has been very prosperous. We have tremendous natural resources, and the industry and enterprise of our people have created great wealth.

THRIFT THE FIRST STEP TOWARD SUCCESS

Thrift is the first step in a young man's effort for success.

It is not the first $1,000 you save

that will determine your capacity for success—it is the first few dollars you scrape together as a nest egg for the larger amount.

"Many a mickle makes a muckle."

There are so many pleasant ways to spend money that it requires strong will power to resist the temptation. There is a certain exhiliration in spending. We cater to our desires. We want to keep up appearances—a nickel or a dime here and there for trifles soon amounts in the aggregate to a substantial sum, and we exhaust our income before we realize it without having set aside anything for a savings fund. Playing the part of "good fellow" is expensive and counts for very little. You have the experience—the other fellow has your money.

We are a nation of wasters. Our annual chewing gum bill is $12,000,000. Soft drinks alone cost us last year $120,000,000.

But a waste of money, health and morals is represented in twenty-five and one-quarter billion individual cigarettes consumed last year—an increase of seven billions over the previous year. The government collected from the pockets of the thriftless, thirty-one and one-half millions of dollars in revenue on this business. This represents for each smoker an average of 1,100 consumed during 1916.

Thriftlessness is a bad habit. We want what we want when we want it, and that means often, when we cannot afford it.

This is an age of high living under high pressure. We travel a fast pace. Walking is becoming obsolete—a trotting horse is too slow; we race in an automobile and long for an airship. The extravagance of the present day is appalling.

We need to call a halt on reckless spending.

One does not need to be mean to be thrifty.

One can practice economy and decency at the same time. Cut bad habits—they are costly. Don't let the other fellow set a pace for you. Set your own pace, and accommodate your gait to your pocketbook.

VALUE OF FARM LIFE

Farming to-day is a great business enterprise, requiring trained specialists. To-day the farmer is in the professional class. Young men on the farm are finding splendid opportunities for success.

Many of our most successful men in all walks of life were born and reared on farms.

Somehow country life puts into a man something that makes for a healthier body—a stronger character—greater perseverance—a more dependable conscience—in short, the good qualities are so firmly fixed that they wear better, and are better able to resist the pressure of the age.

Mr. Vanderlip, president of the National City Bank; Mr. Vail, president of the American Telephone and Telegraph Company; Judge Gary, and Mr. Schwab of steel fame, all began life as poor boys.

Schwab started driving stakes at $1.50 per day. In fifteen years he was president of the largest steel corporation in America, with an income of $3,000 a day. Schwab's success did not begin or end with the fifteen year period. He laid the foundation for his success in his early days. His continuous advancement is due to hard work. "Doing things better than they have ever been done before," is his motto.

Be thrifty of your time. Time is as valuable as money. Spare time should be utilized in reading good books.

I shall not attempt to suggest a comprehensive list of books, but do commend to you first of all, the Bible; then may I urge you to read Emerson, Ruskin, Drummond, VanDyke, Carlyle—authors that inspire and stir one to strive for higher ideals.

I want particularly to call your attention to two small volumes by Harry Emerson Fosdick—"The Manhood of the Master," and "The Meaning of Prayer." They are the best in recent literature. One other—"How to Live,"

by Fisher and Fisk—is a very practical treatise on the subject of individual hygiene.

THE DUTY OF GIVING

We must not go beyond a right sense of proportion in cultivating the habit of thrift, and get into the realm of miserliness.

In promoting the right type of thrift we must cultivate the habit of judicious giving. We cannot always get, and neglect the duty of giving that goes with possession. After all we are but stewards, and God holds us responsible for not only how we make our money, but how we spend it.

We cannot withhold God's share and prosper.

The infallible law of compensation will adjust matters if we fail in our responsibility.

Ambition to succeed is laudable, and we will make advancement more sure by honorable methods than by impatiently trying short cuts along the line of sharp practices. It never pays to sacrifice principle for a dollar. Our souls are too valuable to gamble away.

The fundamental principles of success are Character, Capacity, Capital and we may add Credit, for Credit is a priceless asset to the person who knows how to measure its worth and how to retain it.

It requires years to build a reputation —it may be destroyed in a day. Guard it as your most valued possession—make your word as good as your bond.

Christian character is not made by proclamation, but by daily living, and when we come in contact with one who possesses this quality, we instinctively sense the quiet power that comes only with right living and clean thinking.

Ability to make money is not a test of true greatness.

The real test is living a life of usefulness and serving one's fellows with honesty and sincerity of purpose.

Emerson says: "The reason why we feel one man's presence, and do not feel another's, is as simple as gravity. Truth is the summit of being. Justice is the application of it to affairs. All individual natures stand in a scale, according to the purity of the elements in them.

"All things exist in the man, tinged with the manners of his soul.

"A healthy soul stands united with the just and true.

"Thus men of character are the conscience of the society to which they belong."

Make your name stand for something.

Thoreau says: "It is pitiful when a man bears a name for convenience merely, who has earned neither name nor fame."

"Count that day lost whose low descending sun,
Views from thy hand no worthy action done."

One does not need to wear a label to announce to the public the possession of character.

It cannot be counterfeited, and the person who has the real Christian type unconsciously makes an impression for good, that stands.

I like this bit of wisdom from Channing: "To every man who would rise in dignity as a man, be he rich or poor, ignorant or instructed, there is one essential condition, one effort, one purpose, without which not a step can be taken. He must resolutely purpose and labor to free himself from whatever he knows to be wrong in his motives and life."

Here's a closing shot by Service:

THE RECKONING

It's fine to have a blow-out in a fancy restaurant,
With terrapin and canvas-back and all the wine you want;
To enjoy the flowers and music, watch the pretty women pass,
Smoke a choice cigar, and sip the wealthy water in your glass.
It's bully in a high-toned joint to eat and drink your fill,
But it's quite another matter when you
Pay the bill.

It's great to go out every night on fun
or pleasure bent;
To wear your glad rags always and to
never save a cent;
To drift along regardless, have a good
time every trip;
To hit the high spots sometimes, and
to let your chances slip;
To know you're acting foolish, yet to
go on fooling still,
Till Nature calls a show-down, and you
Pay the bill.

Time has got a little bill—get wise
while yet you may,
For the debit side's increasing in a most
alarming way;
The things you had no right to do,
the things you should have done,
They're all put down; it's up to you to
pay for every one.
So eat, drink, and be merry, have a
good time if you will,
But God help you when the time comes,
and you
Foot the bill.

Spring Meeting of the Executive Council, A. B. A.

THE Executive Council of the American Bankers Association will hold its spring meeting at Briarcliff Lodge, Briarcliff Manor, New York, May 7, 8 and 9. At the meeting matters which have developed since the convention last September will be taken up, as well as the regular business of the association.

As heretofore, committee meetings will be held on Monday, May 7, and the other two days will be devoted to sessions of the Council. This year there is a new section—the State Bank Section—whose executive committee will be present to report to the Council on the progress that has been made since last fall in getting the state banks welded into a working organization. The national bank, savings bank, trust company, clearing-house, state secretaries and Institute sections will also have reports of more than ordinary interest.

During the period of the meeting Briarcliff Lodge will be turned over to the exclusive use of the Executive Council. Accommodations will be available only for members of the Council, officials, committees and such ex-presidents of the American Bankers Association as desire to attend. Owing to the steady increase in the numerical strength of the Council and committees, the capacity of the lodge will undoubtedly be taxed.

On Monday, May 7, Frank A. Vanderlip, president of the National City Bank of New York, tenders a reception at his home, Beechwood, at Scarborough, N. Y., to the members of the Executive Council, all committees, ladies and guests from 4 to 6 p. m., to meet members of the Federal Reserve Board.

On Monday evening a banquet will be tendered to the Council, sections and committees, bankers, guests and ladies, by Briarcliff Lodge and the association at 7:30 o'clock. Formal reception at 7 p. m.

On Tuesday, May 8, at 8:15 p. m., Mr. Vanderlip tenders to the members of the Executive Council, all committees, ladies and guests, a private performance of "The Yellow Jacket" in the little theatre on his estate, known as Beechwood Playhouse. This will be followed by dancing.

International Banking and Finance

Opportunities for American Enterprise and Investment in Russia

By Dr. B. E. Shatzky

[Professor Boris E. Shatzky, of Petrograd, is now in the United States on the special mission of promoting and developing friendly economic and financial relations between the two countries. He believes absolutely in the permanence of the present political régime in his country, and states most positively that Russia will never conclude a separate peace with Germany.—Editor Bankers Magazine.]

Address delivered by Dr. B. E. Shatzky at a luncheon of the United States Manufacturers' Export Association on April 5th, 1917.

Mr. Chairman, Gentlemen:

I am glad to be here at a moment when the attention of the United States is, to a considerable degree, concentrated on the big events in Russia. It would be quite difficult to understand Russia, Russia's economic and cultural development, Russia's national tasks confronting her at the present moment, if there were not such an interest, an interest which makes it easy to understand things which, under other circumstances, would probably require years of special study. But neither the interest nor the special attention towards Russia now prevalent in the United States are the only factors that make it possible for you to understand Russia and to sympathize with her. There is something else, there is a remarkable parallel between the present situation in Russia and the situation in the United States at the termination of the Civil War.

Like Russia, the United States a little more than fifty years ago, was engaged in a great struggle for national existence, which had created a tremendous burden of war-debt, had resulted in a depreciation of currency and had been a serious drain on the nation's resources.

At the termination of the Civil War the outlook in this country was gloomy. Yet, within ten years from the establishment of peace, this country had entered into a period of astounding industrial and commercial development and material prosperity. The burden of the war-debt had been forgotten in the increase in the national income, the great natural resources of the country had been opened up by the use of foreign capital, transportation systems had been constructed, unifying the country and making possible its co-ordinated economic expansion—the United States had commenced a new era of economic development.

To-day Russia is engaged in a struggle for national life. In carrying on the struggle Russia has also shouldered a great burden of war-debt; she, too, has encountered a tremendous drain upon her governmental finances and her industrial resources. But Russia, unlike the other belligerents, has behind her great undeveloped resources. Like the United States of fifty-two years ago, the drain of this war only emphasizes the need of developing these resources. Such a development will in a comparatively short time eliminate the burden of the present war, will increase the national income and will open a new era of commercial and industrial expansion in Russia.

In this development Russia, just like the United States of two generations ago, will need assistance to carry on the organization of her great resources

—Russia will require foreign capital, organizing and executive ability and to a large degree industrial equipment in many forms.

The almost unlimited possibilities of Russia are recognized. No one can overlook the fact that out of the trials and sufferings of the present war there is emerging a new Russia. Russia offers the greatest and most favorable field for economic development in the world to-day. The important question is—will the United States and its business interests have the intelligence and wisdom to assist Russia in her new development and thereby to share in the great rewards?

At the outset it can be fairly said that the United States has many distinct advantages which should materially assist American business interests in making use of the present opportunities.

To anyone who has studied the queston it is evident that the economic problems which must be solved in Russia are the same problems which during the last fifty years the business interests of this country have successfully solved. Russia like the United States has an immense land area suitable for every kind of agricultural production and stocked with mineral resources.

The important problem in the industrial development of such a country is distinctly a problem of transportation; with a proper railroad development everything is possible, without it—nothing can be done. American enterprise constructed the first railroad lines in Russia, and surely there is no people so familiar with the needs and problems of railroad transportation on a large scale as the American. Similarly, the problems connected with the organization of the Russian mining industry, of Russia's vast timber industry, her iron and steel industry and her agricultural development are all problems familiar to the American engineer. The similarity of the problems to be solved makes Russia a particularly appealing field to American business and should prove to be a great asset in the development of coöperation between the two countries.

The United States has the added advantage of being in a position to furnish Russia with capital which will be an essential part of the Russian economic expansion. The present war has created startling changes in the position of the United States as a creditor nation. English, French and other foreign capital will be in great demand for the reconstruction which will be necessary at home and on the continent of Europe, and the United States is probably in a better position to furnish Russia with the large amount of capital which will be required than any other country.

With these advantages the question of the share which this country will have in the development of Russia is distinctly up to the American business interests. The American business firms must recognize the necessity of adapting their policies to Russian conditions and to accustom themselves to Russian trade procedure and must be willing to go halfway in their efforts to serve Russian interests. International trade relationships are built up upon mutual coöperation and mutual service. The United States needs Russia fully as much as Russia needs the United States. Russia, naturally, desires to develop her own resources and her own industries. This fact should be recognized, and American capital invested in Russian enterprise will prove the most effective missionary in the development of American trade. If American capital and American enterprise coöperate together to assist Russia in her desire to develop her own resources, then American business interests can be assured that their share in Russian trade and in Russia's great economic development will be indeed great.

In conclusion I would like to say that I have just come back from Washington and that I was deeply moved by friendly sentiments towards Russia that are now prevalent everywhere. I have always been a believer in friendship between Russia and the United States. The last days have transformed what has heretofore been a mere dream into a most concrete reality.

The Banking Development of the Argentine Republic

THE banking development of a country bears close relation to its general economic growth, and often acts as a powerful stimulus to its business activities. This is especially true of the Argentine Republic. Gifted by nature with abundant sources of potential wealth, the only requisites to render them productive were labor and capital. Immigration in constantly increasing numbers supplied the former and investments of foreign capital on an ever growing scale furnished the latter. Since 1857 about 5,000,000 immigrants arrived, the vast majority becoming permanent residents. On the other hand, foreign capital flowed in and at present amounts to about $3,000,000,000 gold. The extent to which these elements have contributed to the national economic evolution may be inferred from the high stage of development attained and the flourishing condition of the Republic.

During the period of national formation, that is between 1810 and the early sixties, the banking activities consisted chiefly in issuing paper currency and financing the governmental requirements. Commercial banking as such hardly existed on anything but a limited scale, deposit and discount operations being restricted by the relatively small business movement of those days. Private initiative had asserted itself on several occasions, but the national and provincial authorities were at the time the dominating factors. Foreign banking institutions were few, yet investments of foreign capital gradually grew in importance. Impressed by the great latent wealth of the country and fully confident regarding its future development, British investors especially

had grasped from the very beginning the excellent opportunity afforded to foreign capital for highly remunerative placement.

Loans to the Argentine Government was the shape at first taken by British investments (Baring Brothers & Co. loan, 1824); then came the stage of public works. Practically all important railroads and most of the street car and gas plants have been built with the aid of British capital. The aggregate investments of Great Britain in the Argentine now amount to about £300,000,000.

Other countries, amongst them Germany, France, Belgium, Italy, Holland, and recently the United States, have followed the example of England. German capital has flowed particularly into trade, banking and industrial fields. The largest electric lighting plants are owned by German capitalists. On the other hand, French and Belgian capital has been invested especially in real estate, mortgages and general agricultural and pastoral pursuits. In addition to national governmental, provincial and municipal bonds, French and Belgian capitalists have shown a marked liking for cédulas (national real estate bonds bearing the triple guarantee of the mortgaged properties, of the National Hypothecary Bank which issued them, and of the national Government). These cédulas may now be acquired so as to yield between six and seven per cent. per annum. The meat-freezing industry and national governmental and municipal bonds constitute so far the chief lines of investment of United States capital.

EARLY BANKING DEVELOPMENT

The early banking development was confined almost exclusively to the operations of the Banco de Buenos Aires. Founded as a private enterprise, largely as a result of the initiative of British merchants, with a capital of 1,000,000 fuertes (equivalent to about $1.000.000 U. S. gold) and a note-issuing privilege for twenty years, it commenced business on September 6, 1822. The first year's operations turned out very profitable and a dividend of eighteen per cent. was declared in 1823. Too liberal a policy generally and an excessive note issue in particular soon impaired, however, the stability of the enterprise. This circumstance, added to the political jealousy that its prestige aroused, caused its final absorption by the Banco Nacional de las Provincias Unidas del Rio de la Plata.

This institution was established by the law of January 28, 1826, with a ten-year charter and a capital of 10,000,000 fuertes (equivalent to about $10,000,000 United States gold), and for many years dominated the Argentine banking field. It financed the government's needs and stimulated the general business development of the country, albeit resorting liberally to the familiar expedient of paper money issues. Upon the expiration of its charter, in 1836, the dictator Rosas declared the institution to be dissolved, and created in its stead the Casa de Moneda, practically the sole business of which consisted in issuing ever increasing quantities of inconvertible notes. In 1854 it underwent a reorganization, being authorized thereafter to receive deposits at five per cent. per annum and to discount bills with two signatures at three-quarters per cent. monthly. In 1864 it became the Banco de la Provincia de Buenos Aires.

Meanwhile several private banking institutions had been established, among these the firms of Mauá & Company, Wankliyn & Company, J. de Carabasa, Banco de Hart, and Caprile & Picaso.

DEVELOPMENT OF FOREIGN BANKING

The modern development of foreign banking in the Argentine may be regarded as having begun in 1862, when the London and River Plate Bank was organized, primarily to provide local facilities for expanding British activities. This institution commenced business in 1863 with a capital of £500,000. of which only £200,000 had been paid in.

In 1872 a governmental institution, known as the Banco Nacional, was founded and subsequently the banking

development proceeded at a steady pace until the enactment of the law of November 5, 1887, when it was greatly accelerated.

In the meantime Teutonic interests having grown considerably, it was deemed advisable by German capitalists to establish a local institution. The Deutsche Uberseeische Bank, founded in Berlin with a capital of 10,000,000 marks to operate in foreign lands, opened accordingly its first branch in Buenos Aires in 1887. During the same year the Banco Español del Rio de la Plata began operations with a capital of $3,000,000 paper (about $1,275,000 United States gold).*

The law of 1887, just referred to, resembles the United States Bank Act. It authorized any bank whose capital exceeded $250,000 pesos paper to issue paper notes against an equivalent amount of internal bonds bearing four and one-half per cent. interest per annum, which the Government issued at eighty-five against payment in gold. Under this law one national, thirteen provincial and six private banks were incorporated, and placed in circulation close to $200,000,000 paper. A period of great inflation and wild-cat banking thus set in, culminating in the financial crash of 1890, when gold was quoted at a premium of 151 per cent. ($100 gold equalling $251 paper), reaching in 1891 its highest quotation of 287 per cent. premium.

ESTABLISHMENT OF THE NATIONAL BANK OF ARGENTINA

As a result of the sharp crisis most of the so-called "guaranteed banks" went out of existence and the field was cleared for sounder methods. The economic situation improved and banking development received a new impetus through the foundation by the Government of the Banco de la Nación Argentina in 1891 as a result of the initiative of Argentina's great statesman, President Carlos Pellegrini, acting upon the

* The value of the Argentine paper dollar has invariably been 44 cents gold since 1903.

practical advice of the eminent financier, Ernesto Tornquist, founder of the well-known banking firm of that name at Buenos Aires.

The Banco de la Nación Argentina was created with a capital of $50,000,000 paper. The corresponding shares were offered for public subscription. Against a bond representing the whole issue the Caja de Conversion (Governmental Issuing Department) delivered to the newly-founded bank an equal sum in currency notes (without any real guarantee at that time) intended to be paid back if and when the public should subscribe the shares. Subscription turned out, however, a failure and the bank was practically working upon a debt until 1904, when its charter was reformed and the real character of a state bank given to it with the Argentine Nation's full liability for its operations. The capital of $50,000,000 paper was confirmed; not, however, as a debt to the Caja de Conversion, but as fully paid-in capital, as this department was ordered to cancel the debt as well as the bond representing the 500,000 shares which it had received as guarantee. This reform shaped the institution's definite organization and future development to such a point that, after its capital had been increased to $100,000,000 paper in 1909, it became the colossus that it now is.

Though a governmental institution, the Banco de la Nación Argentina is not allowed to loan to the Government more than twenty per cent. of its capital and reserve. It pays no dividends; fifty per cent. of its yearly profits are carried to the credit of capital account and fifty per cent.—converted into gold—to reserve. In this manner the capital has increased rapidly and now amounts to $128.000,000 paper (gold $56.320,000) and the reserve fund to $14,565,000 gold. The Banco de la Nación Argentina carries on a distinctly commercial deposit and discount business. In December, 1916, its deposits amounted to $2.100,000 gold and $689.900,000 paper ($303,556,000 gold). There can be no question but that the institution has largely contributed to the stupendous economic progress of the country during the last ten years.

PRESENT BANKING CONDITIONS

During the nineties only seven new commercial banks were established, but during the first decade of the twentieth century forty more were created. About thirty new commercial banks have been added since 1910.

At present there are in the whole country ninety-two active commercial banks (exclusive of branches), constituted thus:

Corporations	65
Partnerships	1
Coöperative	12
Profit-sharing	1
Individual	2
State institutions	10
Mixed	1
Total	92

Of these ten are owned by the national and provincial governments, seventy are private national institutions, eleven private foreign, and one is partly owned by private parties and partly by the Government of the Province of Buenos Aires.

The branches and agencies of these banks number 385 and are scattered throughout the fourteen provinces and ten territories of the Republic.

The status regarding capital actually paid in is shown by the annexed figures:

	Gold.
70 private national institutions	$111,117,168
11 private foreign institutions	34,957,588
10 state institutions	81,792,497
1 mixed (state and private)	26,060,562
Totals: 92 institutions	$253,927,815

The scope of the operations of Argentine banks is very broad, as not only ordinary commercial business, including foreign exchange, is transacted, but savings accounts are carried and investments placed. In this respect, as well as in others. Argentine banking legislation is most liberal and no governmental interference hampers the orderly course of fair and honest business.

Credit is largely personal, and al-

though banking is carried on under competitive conditions, a prudent conservatism prevails. In fact, large cash reserves are characteristic of Argentine banks. The figures below will illustrate this point and at the same time convey an idea of the development in recent years of the operations of our chief commercial banks, including the Banco de la Nación Argentina.

MORTGAGE AND OTHER BANKS

No sketch of Argentine banking would be complete without mentioning the very important part played by the national and foreign mortgage, construction and pension banks. There exist in the country forty-one institutions of this kind in active business, of which twenty-seven are private national banks, thirteen foreign and one, i. e., the Banco Hipotecario Nacional, is owned by the Argentine Government.

Of the active institutions just mentioned, twenty-three (having twenty-five branches and fifty-seven agencies) are strictly mortgage banks. The realized capital of all these forty-one banks aggregates 672,187,276 paper (equivalent to $286,037,138 United States gold) of which 640,640,501 paper (equivalent to $272,612,978 United States gold) belongs to the twenty-three strictly mortgage institutions.

The most important Argentine mortgage institution is the Banco Hipotecario Nacional, a Government owned organization founded in 1886. It grants, subject to the restrictions imposed by its charter, loans on real estate and delivers "cédulas," namely, mortgage bonds, to bearer, or an amount of cash equivalent to the value of the corresponding "cédulas," as quoted on the Stock Exchange during the day that the transaction takes place. In other words, the Banco Hipotecario Nacional negotiates for its clients the bonds that it issues, whenever desired.

Although "cédulas" bearing seven per

Dec. 31	Deposits.	Discounts and Advances.	Cash Reserve	Per Cent. of Reserve of Deposits.
	——	——Gold——	——	
1904	$247,500,000	$192,280,000	$109,384,000	44.2
1905	304,172,000	261,052,000	116,776,000	38.4
1906	351,428,000	305,448,000	121,968,000	34.7
1907	344,652,000	336,204,000	137,148,000	39.8
1908	385,396,000	370,260,000	148,852,000	38.6
1909	509,124,000	461,604,000	185,856,000	40.8
1910	586,168,000	571,076,000	214 280,000	36.6
1911	604,912,000	643,852,000	214,060,000	35.4
1912	651,596,000	674,256,000	235,400,000	36.1
1913	643,940,000	677,952,000	253,308,000	39.3
1914	546,480,000	526,064,000	228 096,000	41.7
1915	646,404,000	546,568,000	290,092,000	44.9

Series	Interest	Amortization	Issued	Cancelled	Redeemed	Amount in Circulation Dec. 30, 1916.
A	7%	1%	$20,000,000	$19,749,900	$250,100	......
B	7%	1%	15,000,000	13,912,400	1,087,600	......
C	7%	1%	15,000,000	14,120,250	879,750	......
D	7%	1%	20,000,000	17,166,100	2,833,900	......
E	7%	1%	20,000,000	17,291,730	2,708,270	......
F	7%	1%	15,000,000	13,072,600	1,927,400	......
G	7%	1%	10,000,000	8,598,100	1,401,900	......
H	7%	1%	61,621,300	47,563,300	4,658,300	9,399,700
I	6%	4%	2,539,900	2,148,000	391,900	......
J	6%	1%	9,264,100	6,003,100	917,300	2,343,700
K	5%	1%	70,165,000	39,240,250	4,340,450	26,584,300
L	6%	1%	89,966,000	34,782,800	5,010,150	50,143,050
C.H.A.	6%	1%	446,441,900	53,444,275	24,301,175	368,696,450
2nd Law 1st Series	6%	1%	49,926,300	1,088,425	2,275,800	46,562,075
9155 2d Series	6%	1%	9,305,300	....	47,500	, 9257,800
			$854,229,800	$288,181,230	$53,061,495	$512,987,075
A Gold	5%	1%	20,000,000	11,252,669	97,081	8,650,250

cent. interest per annum were formerly issued, the rate may not now exceed six per cent. All cédulas are subject, moreover, to a yearly amortization of one per cent. Redemption is by purchase or tender below par, and by drawings when the value is at or above par. The nation guarantees the payment of interest and amortization.

The Banco Hipotecario Nacional has been at all times very well managed, which circumstance has enabled it to weather almost unscathed the crises of 1890 and 1913. The valuations are always conservative and by its charter it may not loan (except in very special cases) more than fifty per cent. of the estimated values of the properties. Corporations may not obtain over thirty per cent. of the valuations, and only twenty-five per cent. is loaned on places of amusement, such as theatres, music halls, etc. Loans to any one person or company may not exceed $500,000 paper, nor are loans made under $1,000 paper.

The above table shows in detail the various issues of "cédulas" since the inception of the Banco Hipotecario Nacional.

The remarkable success achieved by most of the foreign banks in the Argentine Republic constitutes an excellent exhibit of careful planning and adjustment. The history of Argentine banking clearly shows that investments of capital on a fairly large scale have in every instance preceded the establishment of the local foreign institutions. The first English bank in modern times was founded primarily to take care of British interests and to serve as a guide in future operations. The same applies to the German banks and in fact to all the institutions of other nationalities that have since been established: In more recent times also a United States bank has created a branch here, after a substantial investment of American capital had been made.

The active efforts of the foreign

banks to develop our international trade with their respective countries is a striking feature of Argentine banking. It is forcefully realized that the greater the commercial intercourse the better the banking opportunities. A great deal has been accomplished by providing adequate facilities for financing foreign commerce, as well as by lending proper aid to local farmers, traders and manufacturers. The policy of the foreign banks has been tactful. Neither have they attempted to impose arbitrary methods nor have they slavishly followed existing practices. Their aim was to adapt themselves thoroughly and by creating prosperity they benefited themselves.

OPPORTUNITY FOR AMERICAN BANKS

The present European war affords to American bankers an opportunity for entering successfully the Argentine field, such as has never before existed and perhaps may never arise again, but United States bankers should follow along the lines that Argentine banking evolution points out. The most essential things for United States bankers now to do are to increase as rapidly as possible the investments of American capital in Argentina and to help most efficiently United States manufacturers and business men to secure a firm foothold in our market. In this manner they will have laid a solid foundation upon which all their future activities in this territory must rest.

Buenos Aires, March, 1917.

A Hand Clasp From Japan

THAT there is solid basis for friendship between Japan and the United States was voiced in the following cablegram recently received by W. H. Williams, vice-president of Gaston,

Williams & Wigmore, New York, from Baron Shibusawa, sometimes popularly referred to as the "J. P. Morgan of Japan":

"Misrepresentations of Japan's attitude may create temporary suspicion in your country, but time must reveal the truth that there has never been greater or more general desire in Japan for friendly relationship with your country than at present, and also the realization here of the high motives which actuate the dealings of the United States in present world-wide complications. We hope this friendly feeling on our part will in time become understood by your people, and suspicion will give place to confidence and trust.

"Our recent economic expansion was publicly emphasized as essential to building up good relationship with the United States, our best customer, and with China, our second best, to bringing into closer economic relationship China, Japan and the United States, not with selfish exploitation of any one country, but with ultimate benefit to all three countries, which will not only result in closer business relationships, but will help better understanding. In Japan, we are ready to coöperate to the extent of our possibilities. We have advocated the three-year doctrine of coöperation, and will be glad to see its realization."

Bank of Chosen

THE Bank of Chosen whose head office is at Seoul, Chosen (Korea), reports that on account of increased business it has been found desirable to increase the capital from yen 10,000,000 to yen 20,000,000. New branches have been opened in Manchuria, one at Harbin and the other at Yingkow. A branch has also been opened at Kobe, Japan.

Mr. S. Minobe has been appointed governor of the bank in place of Mr. K. Shoda, who resigned to become Vice-Minister and later Minister of Finance of Japan.

Speaking of the deposits and advances for the last half-year of 1916, a report of the bánk says:

"The deposits at the end of the half-year, standing at yen 33,033,409 showed an increase of yen 9,203,544 over those at the end of the preceding half-year, and of yen 14,448,009 over those of a year ago. Bills discounted and other advances, amounting to yen 59,487,285, show an increase of yen 18,942,574 over those at the end of the preceding half-year and of yen 16,624,784 over those of a year ago. So great an increase in both deposits and advances during a half-year has never been experienced."

The trade of the country with Japan and other countries continues good and conditions generally prosperous.

Our Newly-Acquired Islands

THE commercial value of the Virgin Islands, recently acquired by the United States by purchase from Denmark, is interestingly described in an attractive pamphlet issued by the National Bank of Commerce in New York.

The islands belong to the Virgin group discovered by Columbus in 1493 and since then the inhabitants have been under Spanish, British, French and Danish rule. More than fifty islands

are comprised in the group, but only three are of any material size—St. Croix, St. Thomas and St. John. The area of St. Croix is 84.25 square miles, of St. Thomas 28.25 square miles, and of St. John, 19.97 square miles.

The temperature of the islands ranges between 65 and 92 degrees. There is a heavy annual rainfall, and hurricanes are not unusual. Although the towns are lacking in modern drainage, the conditions as regards health are generally good.

It is estimated that the present population of the islands is about 33,000. English is the prevailing language.

The harbor of St. Thomas is well protected and offers fine facilities for both commercial and naval purposes.

Sugar, cotton, bay rum, limes and molasses are leading products.

As to banking, it is stated that the Colonial Bank, a branch of a British banking institution, which was founded in St. Thomas in 1836, was discontinued recently owing to lack of business. This left only the St. Thomas Savings Bank

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Residence Section of Charlotte Amalie, St. Thomas, Virgin Islands

Copyright, Brown & Dawson
View of St. Thomas, showing City of Charlotte Amalie and Inner Harbor, Virgin Islands

and the National Bank of the Danish West Indies, the latter with its main office at Charlotte Amalie on St. Thomas, and branches at Frederiksted and Christiansted on St. Croix.

Copyright, Brown & Dawson
Business Street in Charlotte Amalie, Island of St. Thomas, Virgin Islands

The National Bank has the sole right to issue bank notes for use in the islands, $250,000 of them now being in circulation. It makes loans with real estate mortgages as security. The capital is $1,000,000 and the reserve fund amounts to $15,089.72. This bank also furnishes credit information. The deposits in the St. Thomas Savings Bank for the year ended October 20, 1915, amounted to $13,323, and 1,644 accounts are carried. Credits on the island are said to be good and long credits have not been often desired by importers.

Proposed Joint Financing of China by Japan and United States

PROPOSALS for joint financing of China have been made recently by Mr. Michigoshi Sugawara, former Japanese Vice-Minister of Finance. After describing the present financial situation in China as being bad, and the in-

ability of that country to borrow, Mr. Sugawara says:

"Railway construction and other industrial operations have almost stopped since the war for lack of financial assistance from foreign countries. The only two nations which continue in a position to be able to furnish China with the needed funds are Japan and the United States. They had better go hand in hand in helping China and thus bring about a material friendship.

"There are two sorts of loans to China, which relieve her financial distress; the political, such as was the loan of the Five Power group of bankers, and industrial loans. Now Germany is out of the Five-Power group, and the attitude of the United States is in doubt. But in the matter of commercial or industrial loans any nation may do as it pleases. Now, if Japan and the United States each individually lent money to China, there might be a conflict in industrial policy between the two countries. It is my idea to avoid conflicts in industrial loans by joint financing.

"Although no definite plans are as yet afoot, it is my hope that a financial company or corporation can be formed to supply capital from both countries, and thus secure harmony between Japan and the United States."

The National City Bank of New York in Santo Domingo

THE International Banking Corporation has acquired the established banking business of Santiago Michelena in Santo Domingo, with head offices at Santo Domingo City and several branches and agencies in other parts of the island. This business has had a successful career of twenty-seven years under Senor Michelena and he will remain in the management, associated with J. L. Manning, late Treasurer of the Insular Government of the Philippine Islands. The business was taken over by the International Banking Corporation on April 2. Branches of the latter will be maintained at Santo Domingo, Macoris, Santo Pouerto and possibly other points. The Michelena Bank has been the depository for customs revenues under the arrangement betwen the governments of Santo Domingo and the United States, and the International Banking Corporation will succeed to it in this capacity. Previous to this acquisition the Corporation had three branches in Latin America, to-wit: at Panama, Colon and Mêdellin (Columbia). The International Banking Corporation and its branches represent an extension of the service of the National City Bank of New York, with which they are closely affiliated. The

Bank of Hayti is also closely related to this system.

National Bank of South Africa

NET profits of this bank for the last half-year, including balance of £44,000 brought forward, were £448,-500. This is after making full provision for all bad and doubtful debts and writing down investments to market price as of March 31.

At the directors' meeting to be held June 22 the directors will recommend that a dividend of six per cent. per annum be declared, £175,000 added to the reserves, £30,000 written off bank premises, and £25,000 placed to the credit of the staff pension fund, the balance—some £49,000—being carried forward to next account.

It is noteworthy that the Bank of South Africa continues its conservative policy of allotting liberal amounts to depreciation and to meeting all possible contingencies.

The National Bank of South Africa, with which are incorporated the Bank of Africa, the National Bank of Orange River Colony, and the Natal Bank, is a Government institution, having its head office at Pretoria, and over 310 branches in South Africa. There are two London offices, and also one in New York, the latter under the management of R. E. Saunders.

Its directors and managing staff include men of the highest standing in banking, commercial and civic affairs, affording an ample guaranty of stability and success. The paid-up capital and reserves of the bank will now amount to no less than £3,500,000, while the total assets are in excess of £32,000,000.

Report of Bank of Victoria Limited

ESTABLISHED in 1832, the Bank of Victoria, Limited, with head offices in Melbourne, in its last statement of condition which is its forty-

Private Office of R. E. Saunders, New York Agent National Bank of South Africa

eighth report, shows total resources of £8,888,579. The bank has a paid-in capital stock of £1,478,010, total deposits of £6,924,579, and its profit and loss account balances at £141,039. The bank reports the members of the staff on the bank's roll of honor number 124 and of these 108 are still serving their country, with the A. I. F., four have either been killed or died of their wounds, one has returned invalided and eleven have rejoined the bank's service.

London and South Western Bank Report

THE one hundred and second report submitted to the shareholders of the London and South Western Bank, Limited, shows total assets of £34,944,-558, with deposits of £30,651,526. This bank was established in 1862 and has its head office in London. There is an authorized capital of £5,000,000 and a reserve fund of £1,350,000.

London Joint Stock Bank Statement

ESTABLISHED in 1836 the London Joint Stock Bank, Limited, has just issued its one hundred and fifty-third report. The bank has an authorized capital of £20,000,000 and a reserve fund of £1,125,000. At the present time the bank's total assets are £56,954,777 and deposits £48,919,597.

Barclay & Co., Ltd., Changes Name

AT a recent meeting of the shareholders of Barclay & Co., Limited, it was resolved to change the name of the bank to Barclays Bank Limited. This has received the sanction of the board of trade and the change now takes effect. Barclays Bank, Limited, with head offices at 54 Lombard street, London, England, have over eight hundred branches in England and Wales. The bank has a nominal capital of £13,-500,000 and a reserve fund of £2,200,-000. In deposit and current accounts the bank has £94,077,854.

Union Bank of Manchester Report

THE last report of the directors of the Union Bank of Manchester, Limited, with head offices in London, shows gross profits for the last half-year of £129,063 and a net profit of £78,033. The bank declared a dividend of twelve and one-half per cent. and carried forward to the next profit and loss account £25,693. The bank has total assets of £11,639,397 and deposits of £9,117,392.

Report of Hibernian Bank, Limited

THE last report of the Hibernian Bank, Limited, with head office in Dublin shows deposits of £5,283,636 and total assets of £5,981,973. This bank was founded in 1825 and has a subscribed capital of £2,000,000 and a reserve fund of £125,000.

London Bank Flies American Flag

IMMEDIATELY after the outbreak of the war the American flag was hoisted over the London City and Midland Bank, which is the largest bank in the world. All reports received in this country indicate that the entrance of the United States in the war has

been received with the greatest enthusiasm.

British Trade Bank

THE British Trade Bank, with a capital of $250,000,000, will soon be opened for business, according to cable advices. It is expected that Lord Farrington will be its first chairman. It is proposed that the bank should devote itself specially to foreign exchange and to assisting British concerns in financing their foreign business.

Report of Clydesdale Bank, Limited

THE Clydesdale Bank, Limited, with head office in Glasgow, shows in its last statement total assets of £27,747,348. The bank was established in 1838 and has deposits of £22,685,445. Gross profits were £291,810.

Charters Asked For and Charters Granted First Quarter of 1917

THE number of new national banks chartered, plus the number of national banks increasing their capital in January, February and March, 1917, was 106; the new and increased capital was $8,414,990. Same period last year: number of new banks and banks increasing capital was 60; the new and increased capital was $4,265,000. Increase first quarter of 1917 over corresponding period in 1916: in number, seventy-six per cent.; in capital, ninety-seven per cent.

In the first three months of 1917, the Comptroller of the Currency received 106 applications for charters for new national banks, with capital of $6,595,000, as compared with forty-nine applications received during the corresponding period in 1916, with capital of $2,160,000.

In these three months of 1917 charters were granted to thirty-eight banks with capital of $2,580,000, as compared with twenty-six charters granted during the corresponding period in 1916, with capital of $1,810,000.

In the three months, to April 1, 1917, the capital stock of sixty-eight national banks was increased in the sum of $5,834,990; while thirty-four banks increased their capital $2,455,000 during the same period in 1916.

Five banks reduced their capital during the first three months of 1917 $313,000. During the same period last year four banks reduced their capital $100,000.

Twenty-four national banks went into voluntary liquidation (exclusive of those consolidating with other national banks) during the first three months of 1917, their aggregate capital being $2,657,500, as compared with twenty-four such banks liquidating during the same period in 1916, with an aggregate capital of $2,898,000.

Banker Urges Importance of Favorable Trade Balance

MANY bankers are giving careful thought to the business problems which will confront the United States after the war closes. The views presented below deal with the importance of a favorable trade balance in assuring our future prosperity. They are furnished to THE BANKERS MAGAZINE by Mr. John Clausen of San Francisco. Mr. Clausen has been for many years manager of the foreign exchange department of the Crocker National Bank of San Francisco. On March 13 last he was appointed a vice-president of that institution as a recognition of his efficient services. Mr. Clausen as a member of a Government commission has visited a number of Latin-American countries and has made a careful study of international trade and banking problems. His views are given below:

"Just now we are living in an epoch of great prosperity, in a way artificially stimulated by the demand for materials from the nations at war. Whether the advantage thus gained will be upheld depends largely upon the skill and acumen of our bankers to wisely use their money power, and in the far-sightedness of our merchants to strive for greater diversification of exports and imports.

"If to preserve our progress we do not accept the present unexampled opportunities and apply ourselves to the new order of things that loom beyond the day of peace, we shall be guilty of great neglect. We are particularly liable to suffer unless our capital and commercial interests are brought to a realization of the economic difficulties—necessitating firm and original methods of treatment—which are now confronting us and may later become even more pressing.

"Our bankers must be determined to modernize their methods in good time, as the lack of interest in this direction may seriously check the work of trade expansion. There are many reasons why the country banker particularly should enter upon a broader field of

JOHN CLAUSEN
Vice-President Crocker National Bank,
San Francisco

operation; as time alone will prove with what vigorous efforts the larger banks throughout the United States will enter—even locally—into competition by means of the added facilities afforded by the Federal Reserve Act for establishing domestic and foreign branches. The consequent absence therefore of restraint in rivalry for business, as affecting the smaller institutions, may in a measure no longer figure as a barrier to the larger banks who in their keen pursuit for expansion in business are less likely to respect former restricted

territorial rights. While this feature mainly affects home conditions, there are likewise to be considered the problems which confront us in our foreign banking relations.

"It would be well to study the objects of the new British Trade Bank now in process of formation for the purpose—as its name implies—of furthering the commerce of Great Britain. That institution when organized and operated under efficient management, with the power to base on its capital a forceful system of credit in the shape of acceptances, will no doubt soon gather the nucleus of a large foreign business.

"As a striking example of the great activities for the advancement of their international trade relations, it is of the greatest importance to recognize that British oversea banks alone have capital exceeding 500 million dollars as against but five or six million dollars so invested by North American interests. Our bankers must modernize their methods in this direction particularly, as the lack of far-sighted interest to further the system of our branch banking in foreign countries may seriously check the work of trade expansion.

"In the economic life of a nation commerce and banking are so closely interwoven that it becomes essential for every person engaged in business to have some knowledge of the parts played by these factors. The nature and use of money, the mechanism of exchange and the development of banking in various parts of the world, are features of vital concern to the commercial interests of our country.

"It is apparent that it will take something more than the offering of goods to build up and hold the trade which we are now in position to control. We should look ahead to future conditions—be prepared to meet aggressive European trade combinations, and keep pace with the world's industrial advancement.

"Coöperative combinations, such as may be deemed expedient to develop our foreign relations in normal times, are essential and should in no sense be considered as a restraint of trading. A recognition of this principle in oversea trade development is, in my opinion, most necessary to our economic progress. Such privileges very naturally should only be accorded American-owned concerns, and coöperative ownership of stock in competitive organizations must obviously be proscribed.

"If the claims for superiority of American goods are made aggressive realities, and careful, direct and persistent efforts exercised by American manufacturers in their introduction and exploitation, it should not be difficult to make permanent our present preëminent position in world commerce.

"It appears that to advantageously maintain our place in the international relations we need not only an efficient banking system and a well-equipped merchant marine, but more especially scientific commercial education. It cannot be too strongly emphasized that these problems must be seriously taken under advisement, as a plain matter of modern development, requiring attention along feasible and intelligent lines.

"Viewing the subject of business education from the standpoint of clear judgment, it becomes apparent that a necessity exists for training our youth in the early stages of their development for business and labors which will devolve upon them when at manhood they enter upon their active career.

"The business world to-day is vitally interested in this problem, for no organization can succeed in a material degree whose workers are not efficient. If we can encourage early, direct business training, the usefulness of the populace of our country will assure both trading power and wealth.

"The measure of success to which we are entitled will largely depend upon our ability to meet in organized and scientific strength the competition of foreign countries. If we are to become the financial centre of the world and gain supremacy in international trade, we must make adequate preparation for retaining these advantages as well as assuming all their responsibilities and obligations."

Financing the War

By ARTHUR REYNOLDS, Vice-President Continental and Commercial National Bank, Chicago

IT is my opinion that war financing should be by means of popular loans as far as possible, in amounts of, say, $1,000,000,000 to $2,000,000,000 at a time, and that bonds of small denomination should be offered the public. Of course the banks will gladly stand back of the country and buy the bonds in large amounts for investment if necessary; but this course would tie up their funds in long time investments. The situation will remain stronger if the financial institutions are used principally as agencies for the distribution of Government bond issues, leaving the banks free to employ their loanable funds in sustaining the business of the country by making short time commercial loans as at present, and in doing such refinancing of Government issues as may be needed from time to time.

Our taxes will be heavy. We cannot expect anything else, but in all fairness the burden should be divided between this and future generations. Following the Civil War we had to share the expense of that mighty and devastating conflict. That fight was not only for liberty in those troublous days but for the national life of the future, and we now go to war to secure for posterity, as well as for ourselves, the rights to which all are entitled under the law of nations and the dictates of humanity, and there is no good reason why coming generations should not help bear the financial burden of guaranteeing that they shall be free in the exercise of their inalienable rights.

High taxes, which are not compatible with democratic principles, should not be regarded as permanent. When the war is over, public expenditures should be cut to the minimum and taxes lowered as far as possible. The war should never be made an excuse for extravagance; economy in governmental affairs should ever be the aim of our public officials. Members of Congress should avoid making the mistake that popular approval of a grant of seven billion dollars, or any other amount, for war, gives them license to levy taxes for any kind of wasteful purposes, either during or after the war. Such an error

ARTHUR REYNOLDS
Vice-President Continental and Commercial National Bank, Chicago

upon their part will insure merited retirement when the voter next exercises the privileges of the ballot.

Formerly it was thought by many savings banks that it was not good policy to furnish their customers with investments, on the theory that it caused a reduction in deposits, but in recent years I believe savings deposits have grown more rapidly in those banks which have made it a practice to coöperate with their depositors in securing desirable investments, and it has been found that the deposits withdrawn for investment not only have not had the tendency to lower the deposits permanently in savings banks, but, in fact, the deposits of such banks have greatly increased.

I cannot see anything in the situation which should in any way disturb savings depositors or cause them to cease depositing their money in banks. In fact, the banks never were on a more sound or substantial basis, or so strong as to reserves.

It must be remembered that money withdrawn from savings banks and invested in Government bonds will be disbursed through the Treasury in the purchase of materials and supplies, and through this channel these funds will be paid to the various manufacturers and jobbers of the country, who, in turn, will keep the money in circulation; much of it will go to other employees and laborers. These latter will continue to deposit in savings banks as formerly. Put in another way, a great and rich nation at war, through its enormous expenditures at home, increases the circulation of money, takes up or absorbs any possible slack in the labor market and stimulates industry to a point where money naturally flows into the banks more freely than in ordinary times.

Trust Companies Offer Support to the Government

AN important step in mobilizing American financial strength in support of the war was taken at a meeting held Tuesday, April 10, 1917, of the executive committee of the Trust Company section of the American Bankers Association in New York. The committee, which represents trust companies in all sections of the United States, was called in special session by its chairman, John W. Platten, president of the United States Mortgage and Trust Company of New York, to consider the general conditions facing the country at present and to define their own attitude toward them.

With a full recognition of its patriotic duty and privilege, the committee unanimously adopted the following resolution:

"Whereas, the nation is in a state of war and it is the earnest desire of the trust companies of the United States to serve the country in every way in their power; and

"Whereas, it is recognized by this committee that one of the most important duties of the trust companies is to coöperate in the mobilization of the financial resources of the United States; therefore, be it

"Resolved, That this committee urgently recommend to the trust companies of the United States that immediate steps be taken to secure amendments, where necessary, to the state laws in order to permit the trust companies to carry their gold reserves on deposit with the Federal Reserve Banks in their several districts, and that as soon as such action can be legally taken, the trust

companies offer to deposit these reserves with the Federal Resrve banks."

The Trust Company Section of the American Bankers Association represents trust companies throughout the country, the officers and executive committee of which section include the following: President, Uzal H. McCarter, president Fidelity Trust Co., Newark, N. J.; first vice-president, Frank W. Blair, president Union Trust Co., Detroit; chairman executive committee, John W. Platten, president United States Mortgage and Trust Co., New York; secretary, Leroy A. Mershon, 5 Nassau street, New York; executive committee: F. H. Goff, president Cleveland Trust Co., Cleveland; Ralph W. Cutler, president Hartford Trust Co., Hartford, Conn.; John H. Mason, vice-president Commercial Trust Co., Philadelphia; H. W. Jackson, president Virginia Trust Co., Richmond; Lucius Teter, president Chicago Savings Bank and Trust Co., Chicago; E. Woodruff, president Trust Co. of Georgia, Atlanta; John H. Holliday, chairman Union Trust Co., Indianapolis; Oliver C. Fuller, president Wisconsin Trust Co., Milwaukee; Lynn H. Dinkins, president Interstate Trust and Banking Co., New Orleans; Arthur Adams, vice-president New England Trust Co., Boston; Theo. G. Smith, vice-president International Trust Co., Denver; James M. Pratt, vice-president Guaranty Trust Co., New York; E. D. Hulbert, president Merchants Loan and Trust Co., Chicago; Gen. Wm. C. Heppenheimer, president Trust Co. of New Jersey, Hoboken; John W. B. Bausman, president Farmers Trust Co., Lancaster, Pa.; Seward Prosser, president Bankers Trust Co., New York; and William T. Kemper, president Commerce Trust Co., Kansas City, Mo.

Some idea of the importance of this action may be gained when it is realized that the trust companies of the United States represent approximately nine billion dollars of banking resources, exclusive of the many billions of dollars held in connection with their individual and corporate trusts. This step on the part of the trust companies should be an important factor in strengthening the position of the Government in facing the problems of war finance, and adds an important element of strength to the credit of the country.

American Institute of Banking Offers Aid in Distributing War Loan

THE American Institute of Banking, which is the Educational Section of the American Bankers' Association, has sent the following telegram to President Wilson:

To the President,
Washington, D. C.:

The American Institute of Banking, with a membership exceeding twenty-two thousand bankers and bank men of the country, desires to offer you its services for the purpose of assisting in the sale and distribution of the great war loan. This loan must be spontaneously successful. We all realize that the people of this country as a class are not familiar with investment bonds, and that to insure this success, there must be a vast amount of education. One form of education can be by means of practical talks to men's clubs, employees of factories, department store employees and other similar groups of people. Members of the American Institute of Banking are equipped by systematic education and by actual experience to make these practical talks. Through its seventy-five chapters, located in the principal cities of the country, the Institute quickly and simultaneously can reach a very large percentage of our population. Should you care to make use of our services we could prepare and start such a campaign immediately.

E. G. McWilliam,
President American Institute of Banking.

Distribution of National Bank Reserves

THE Comptroller of the Currency gave out last month the following statement concerning the location of the reserves and surplus reserves held by national banks March 5, 1917:

Of the 2,642 million dollars of reserves held by national banks March 5, 1917, the banks in the Central Reserve cities held 647 million dollars, or 100 million more than the amount required by law. Other Reserve cities held 750 million dollars, or 290 million more than was required, while country banks held 1,245 million, being 718 millions more than necessary.

The percentage of reserve to deposits held by Central Reserve city banks was 21.31, against the requirement of eighteen per cent. Other Reserve cities held 24.48 per cent., against a requirement of fifteen per cent., while the country banks which were only required to hold twelve per cent, held 28.36 per cent. of their deposits in reserve.

Among the country banks the heaviest reserves were shown in the Western states, where the average reserve held was 35.10 per cent. The Southern states held 30.57 per cent., Pacific states 30.32 per cent., Middle states 29.89 per cent., Eastern states 24.11 per cent., and the New England states 22.63 per cent.

The states whose country banks showed the largest percentage of reserves were Colorado, 41.01 per cent.; Nebraska, 40.67 per cent.; Montana, 39.35 per cent.; Kansas, 39.30 per cent.; Iowa, 36.76 per cent.; Louisiana, 36.54 per cent.; Kentucky, 36.49 per cent.; Oregon, 35.50 per cent., and Texas, 35.49 per cent.

Among the Reserve cities, those whose banks held the largest percentage of Reserve were Galveston, 47.47 per cent.; Des Moines, 34.43 per cent.; Louisville and Tacoma, each 33.51 per cent.; San Antonio, 33.15 per cent.; Houston, 31.71 per cent.; Dubuque, 31.68 per cent.; Birmingham, 30.93 per cent.; Seattle, 30.23 per cent.; Cincinnati, 30.14 per cent.; Waco, 30.01 per cent. The Reserve cities outside of the Central Reserve cities which showed the lowest percentages of reserves were Charleston, 17.75 per cent.; Minneapolis, 18.33 per cent.; Richmond and Atlanta, each 19.47 per cent., and Muskogee, 19.18 per cent. The Central Reserve cities showed: New York, 22.03 per cent.; Chicago, 18.73 per cent., and St. Louis, 19.72 per cent.

The states whose country banks showed the lowest percentage of reserves were Rhode Island, 30.57 per cent.; South Carolina, 20.94 per cent.; Massachusetts, 20.99 per cent.; New York, 21.01 per cent.

The total amount of reserve held in the vaults of the national banks or with their federal reserve banks, amounted to 1,564 million dollars. The reserve held with approved reserve agents was 1,078 millions. As the total reserve required was only 1,533 million dollars, it is seen that the banks now hold in their own vaults and in the Federal Reserve banks in the aggregate an amount greater than the total reserves which they are required to hold, so that the total of 1,078 million dollars held with the reserve agents, plus 31 millions of the cash in vaults may all be regarded as excess or surplus reserve.

Under these conditions it is evident that no inconvenience or hardship would result if the amendment recommended by the Federal Reserve Board and the Comptroller's office looking to the anticipation of the time when the entire reserves must be kept in their own vaults or with the Reserve banks, should be passed by Congress. The law as it now stands permits country banks until November, 1917, to carry a portion of their reserves with the Central Reserve and Reserve cities.

Bank Advertising Exchange

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D. Ansley, care Central Trust Co., San Antonio, Texas.
Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
O. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
The Bankers Magazine, New York.
H. C. Berger, Marathon County Bank, Wausau, Wis.
E. L. Bickford, cashier, First National Bank, Napa, Cal.
R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
D. R. Branham, 6252 Leland Way, Los Angeles, Cal.
Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
Bank of San Rafael, San Rafael, Cal.
E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
O. W. Beerbower, National Exchange Bank, Roanoke, Va.
H. O. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
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Citizens National Bank, Oconto, Wis.
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F. W. Ellsworth, secretary, Guaranty Trust Co., New York.
Farmers' and Mechanics' National Bank, Philadelphia.
The Franklin Society, 38 Park Row, N. Y.
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First National Bank, Lead, S. D.
H. Gavere, asst. cash. of Scandinavian American Bank, Grand Forks, N. D.
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Publicity Department, St. Louis Union Bank, St. Louis, Mo.
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Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
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F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
John W. Wadden, Lake County Bank, Madison, S. D.
Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
J. E. Williams, assistant cashier, Third National Bank, Scranton, Pa.
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Are you availing yourself of this opportunity to exchange ideas with the progressive bank advertisers of the country? If not, send us your name for free listing in the above exchange list.

Book Reviews

THE BANKERS' PRACTICAL LIBRARY. New York: D. Appleton & Company. 12 Vol. 400 pages each; green buckram; price, $23.50, payable in $3.00 monthly instalments.

When Frank A. Vanderlip, president of the National City Bank of New York, said in a recent public address that we were a "nation of economic illiterates" everybody that heard his remark sat up and took notice. Many there were, no doubt, who were inclined to dispute this statement, but coming from Mr. Vanderlip these words were given added force and conviction.

In the midst of the speed and bustle of contemporary American life far too little time is given to any serious examination of underlying theories; very little study is given to our national problems. We are, for the most part, far too busy with the details of the day to give heed to the problems of the morrow. American business men are brilliant and wonderfully resourceful but inclined to be superficial.

The young banker, in too many cases, thinks only of the superficialities of banking and very little of its basic principles and theories. He may be an expert at all of the mechanism of modern banking practice; he may work with the precision and accuracy of a machine, but unless he understands the fundamental laws of finance he can never hope to attain the highest distinction.

At a time of grave national crisis such as the present, the country has great need of the best talents of men trained in the practical science of finance and conversant with the fundamental laws of economics. Not only must we have able leaders to carry out the details of our national economic policies, but behind these leaders there must be an enlightened public opinion.

In the guidance of this public opinion bankers must play a large part. The banker, in every community, is a man of influential standing whose opinion in business and financial matters is most highly esteemed. This position carries with it the responsibility of every banker to make himself thoroughly conversant with the sound underlying principles of finance.

For the younger banker this duty is not only a public one, but a private one. In no better way can he prepare himself for advancement and for getting ahead within the bank. A New York banker said in a recent magazine article:

"Take, as an example of present conditions, those that exist in the financial district of New York. The deposits in the big banking institutions of this district during the past two or three years have been growing at a tremendous rate. The number of employees that has become necessary to handle the additional work caused thereby has almost doubled. The officers of these institutions have had no time in which to make a careful selection of their new men, for the work has had to be done and immediately. The result is that a great number of these new men are educationally poorly equipped to advance very far in banking work and there is no more pitiful sight than to see a man who is loyal and faithful to his work denied advancement because of his educational limitations."

There are many agencies and methods by which bankers can obtain the training necessary to equip them to become more efficient. The latest, and by no means the least of these, is "The Bankers' Practical Library."

This library comprises twelve volumes of about 400 pages each and in addition includes a special handy desk book of interest tables and formula. Each volume is printed on good quality paper from large clear type, illustrated with numerous forms and carefully indexed.

The binding is green buckram with gilt tops and titles in gold.

These volumes cover the whole range of subjects with which the efficient banker should be familiar, such as: banking, money, credit, rural credit, finance, investments, foreign exchange, commerce, Wall Street, banking arithmetic, financial crises and business law.

The titles of the volumes, together with their authors, follow:

"The Modern Bank," by Amos Kidder Fiske. This volume gives a description of the functions of a modern bank and a brief account of the development and present systems of banking.

"Money and Banking," by John Thom Holdsworth. This volume presents in a concise way the whole general subject of money and banking.

"Money and the Mechanism of Exchange," by W. Stanley Jevons. This book describes the past and present monetary systems of the world, the materials employed to make money, the regulations under which the coins are struck and issued, the natural laws which govern their circulation, the several modes in which they may be replaced by the use of paper documents, and finally, the method in which the use of money is economized by the check and clearing system.

"Funds and Their Uses," by Frederick A. Cleveland, describes the methods, instruments and institutions employed in modern financial transactions.

"Credit and Its Uses," by William A. Prendergast. The theory of credit is discussed in its commonest phases. The book shows the manner in which banks and credit associations obtain information that they require.

"Rural Credits, Land and Coöperative," by Myron T. Herrick and R. Ingalls, purposes to throw light on a subject of national importance. From a knowledge gained through observation and study of other systems, Mr. Herrick suggests a system of rural credits for adoption in the United States.

"Agricultural Commerce," by Grover G. Huebner. This book sets forth for merchant, broker, farmer and student an interesting treatise on the organization of American commerce in agricultural commodities.

"Corporation Finance," by Edward Sherman Mead. This book deals with the subject of business corporations from their promotion to their consolidation, reorganization and procedure in bankruptcy. Presents the subject concisely and fully.

"Railroad Finance," by Frederick A. Cleveland and Fred W. Powell. This volume describes the methods of financing the railroads in the United States.

"The Work of Wall Street," by Sereno S. Pratt, is an account of the functions, methods and history of the New York money and stock market.

"Financial Crises and Periods of Industrial and Commercial Depression," by Theodore E. Burton. This is a conservative study presented to aid in forecasting and safeguarding the approach of future crises.

"Essentials of Business Law," by Francis M. Burdick. This volume, written in lucid and popular language, purposes to show the rules of business law and how and why they have been developed.

The War After the War. By Isaac F. Marcosson. New York: John Lane Co.

In an advertisement on the outside of the above volume appears this statement:

"This book, by the most brilliant writer on business, discloses the real meaning that the great war has for American trade."

And yet this "most brilliant writer on business" tells us but little that is new. His criticisms of American business methods have about them the flavor of familiarity. Many of these criticisms are valid and worthy of attention. What the author really tells us is that the nations now at war are going to make an energetic effort for business after the war, and that it behooves America to get busy. This warning is by no means new, but it will bear repetition.

Banking and Financial Industry

SPECIAL **The BANKERS MAGAZINE** SECTION

IT is the aim of this department to make better known to each other the progressive banking and industrial institutions of the country.

This Magazine believes that by industry and economy, and by co-operation between all interests and sections of the country, the prosperity and happiness of the people of the United States may be advanced more rapidly, and to a greater extent, in the years lying immediately before us, than at any other time in the country's history.

How often the banker feels the desire and necessity for "getting out on the road" and making a grand tour of the banks of the country so as to get in touch with his contemporaries and broaden his outlook. Unfortunately, such an undertaking is generally impossible.

This Department seeks to take the place of such a trip by presenting to its readers instructive articles about banks and industrial institutions.

Home of the Atlantic National Bank, opposite City Hall Park, New York

The Story of the Atlantic National Bank of New York

THE story of the Atlantic National Bank is really in two parts, one covering its early history and including the vigorous period when Governor Lounsbury was its president, and the second, recording its more recent growth and development under the direction of the Kountze interests.

AN OLD COMMERCIAL BANK

As regards the first, Atlantic Bank is one of the city's oldest banking institutions, dating back nearly ninety years. It was founded in 1829, and was originally known as the Merchants Exchange Bank. As this name would indicate, the bank has always been identified with commercial activities, and even in its present period of rapid expansion it continues to be, in a large measure, a bank for merchants, shippers, importers, exporters and others engaged in purely commercial undertakings.

The present home of Atlantic National Bank—257 Broadway—was also its home when it was known as the Merchants Exchange. This location, facing City Hall, makes the bank a close neighbor of many important centres. The busy produce district is nearby, and the shoe and leather sections and the paper district. Lying almost within the shadow of the tall home of the bank are the financial, insurance and shipping districts. An important wholesale drygoods district lies a block or two toward the north, and a few steps to the south is the wholesale jewelry district. An altogether favorable location for a banking organization, which desires to serve the commercial life of the city.

GOVERNOR LOUNSBURY'S SUCCESSFUL ADMINISTRATION

A few facts regarding the earliest history of the bank may be noted. Founded in 1829, the first state charter of the bank was obtained in 1831, and this was renewed in 1849. In 1865 the bank organized under the National Banking Act. Owing to the need for a more outstanding banking name, it became known in 1915 as the Atlantic National Bank.

The name of Phineas C. Lounsbury is closely interwoven with the history of the bank. Twice governor of Connecticut and well known as a shoe manufacturer and business man of large interests—he is one of the oldest trustees of the American Bank Note Company—he served the bank as its president for over thirty years. It grew and prospered under his vigorous administration, and he gave up this office a year or two ago to become chairman of the board, in which capacity he continues an active interest.

THE STORY OF A FAMILY OF BANKERS

In 1914 the Kountze interests became identified with the Atlantic National Bank. Herman D. Kountze became its president in 1916. The name of Kountze has long been prominent in American financial history.

The original four Kountze brothers were born in an Ohio town, now almost unknown. Their father operated a large general store at Osnaburg, Ohio, which, before the days of the railroad, was a stage transfer point between Pittsburgh and Cleveland. The elder Mr. Kountze was a farsighted man, and

HERMAN D. KOUNTZE
PRESIDENT

EDWARD K. CHERRILL
VICE-PRESIDENT

PHINEAS C. LOUNSBURY
CHAIRMAN

FRANK E. ANDRUSS
CASHIER

WILLIAM F. FITZSIMMONS
ASSISTANT CASHIER

believed that some points on the Missouri River would become large cities. He therefore suggested to his sons that they investigate that part of the country, and in 1856 the eldest boy came out and visited all the then villages along the river, beginning with Sioux City and going south to Kansas City.

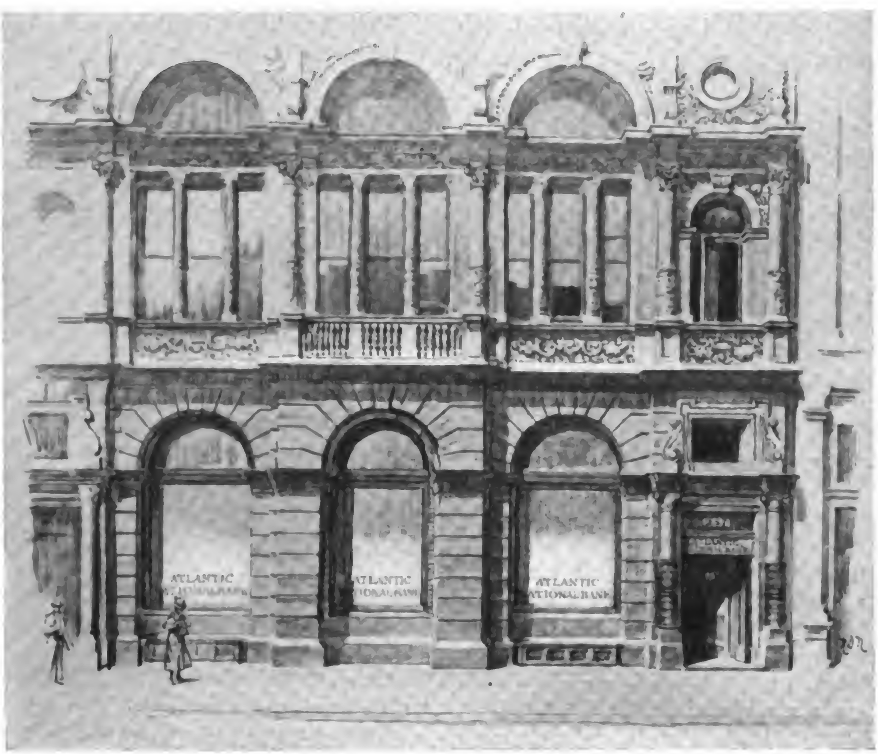
Their first decision was to open a bank at the little town of Dakota City, directly across the river from Sioux City, but they later decided to settle at Omaha, and in the fall of 1857 the original Kountze Brothers' bank was started at that point.

The third son, Luther, came out in 1862, and started a bank at Denver, and a little later another one at Central City, Colo. He was joined several years later by his brother Charles. In 1867 Luther Kountze went to New York and opened a banking house there, which a little later on was changed to Kountze Brothers. when Augustus Kountze joined him. Luther Kountze is now the senior member of Kountze Brothers, and W. de Lancey Kountze, his son, is also with that firm.

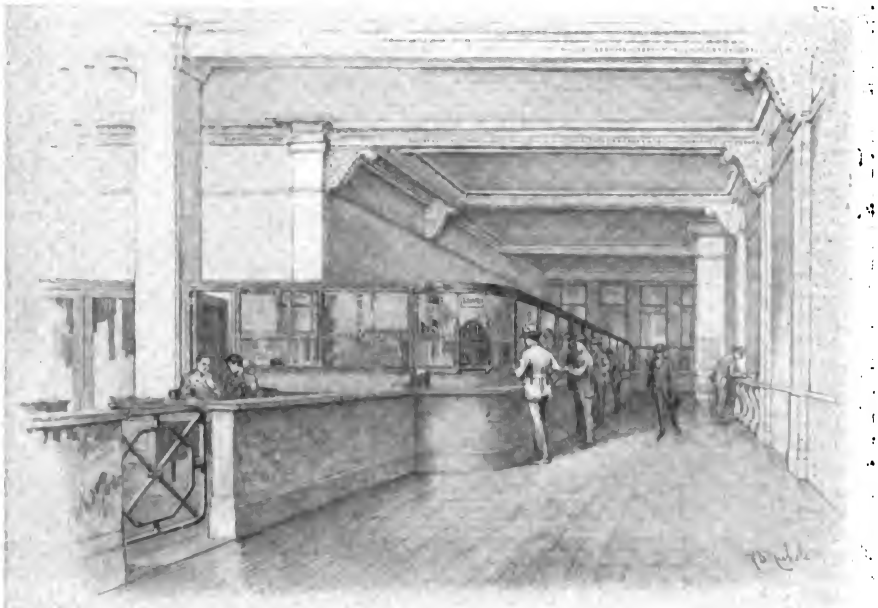
Meanwhile the name of the Omaha bank has been changed to the First National Bank, and this is understood to have been the first national bank to open in Nebraska; in 1866 the Denver house became the Colorado National Bank.

Herman Kountze, the president of the First National Bank of Omaha, had four sons, who were given the names of the original four brothers. Augustus F. Kountze, the eldest of these, is with Kountze Brothers, New York; Charles T. Kountze and Luther L. Kountze are still with the First National Bank of Omaha; and Herman D. Kountze is president of the Atlantic.

These several institutions maintain close relations and constitute an interesting banking group, and geograph-



Entrance to Atlantic National Bank. New York



Main Banking Room, Atlantic National Bank, New York

ically serve a large section of the country.

A MODERN BANKING HOME

During the past winter the officers and staff of the bank took possession of what was really a new banking home. The address was the same as formerly —257 Broadway—but the old quarters had given way to spacious and beautiful banking rooms, designed to meet the needs of modern banking. The enlarged space permitted the addition of new foreign and credit departments, and also made it possible to strengthen and expand other departments.

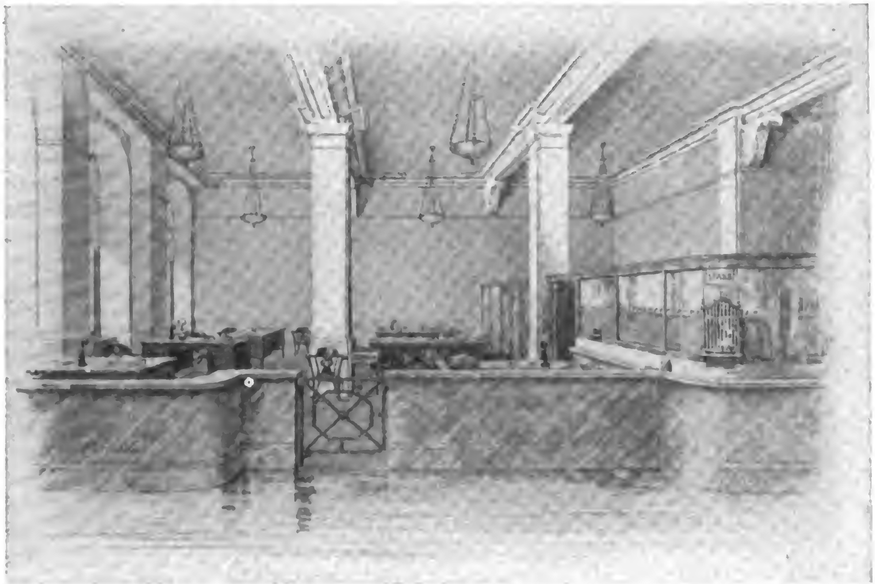
SOME INTERESTING PERSONALITIES

In addition to Governor Lounsbury, four men, all comparatively young in years, are the active working officials of the bank. These are: Herman D. Kountze, president; Edward K. Cherrill, vice-president; Frank E. Andruss, cashier; and William F. Fitzsimmons, assistant cashier.

Mr. Cherrill joined the bank in 1904, previous to that having been a National Bank examiner in Illinois for several years, and later connected for two years with the National Banking Examiners' Department in New York City. He is a graduate of Carthage College, Ill., and is well qualified by training and experience for the official duties of a metropolitan bank.

About twenty years ago Mr. Andruss went from high school into the banking house of Kountze Brothers, joining the Atlantic when Herman D. Kountze became interested in its affairs. Possessed of youth, an active temperament, sound banking training and a tireless desire to satisfy customers, he has been a material help in the upbuilding of the bank.

Mr. Fitzsimmons came into the bank by way of the commercial field, having first joined the forces of the Irving National Bank as a credit expert. Later he became assistant secretary of the Broadway Trust Company, and in 1915 he was invited by Mr. Kountze to be-



Officers' Quarters, Atlantic National Bank, New York

come assistant cashier of the Atlantic. Among cther things, he has immediate direction of the new business department of the bank and has gathered about him a strong field force of workers.

In addition to Messrs. Lounsbury and Kountze, the Atlantic directorate includes the following: John H. Hanan, of Hanan & Son, shoe manufacturers; Gilbert H. Johnson, of Isaac G. Johnson & Co., iron founders; Edwin E. Jackson, Jr., president of Borrum & Pease Co.; Kimball C. Atwood, president of Preferred Accident Insurance Co.; Jose M. Diaz, president of Preferred Havana Tobacco Co.; David L. Luke, vice-president of West Virginia Pulp & Paper Co.; Lorenzo Benedict, president of Worcester Salt Co.; George A. Graham, of John H. Graham & Co.; Edward K. Cherrill, vice-president of Atlantic National Bank; T. Irving Hadden, Hartsdale, N. Y.; Charles F. Junod and William B. Davis, of 141 Broadway, New York.

THROUGH hardship and toil, on the frontier and in the cities, that which has been gathered and saved has become the foundation of all our greatness as a nation.—

FRANK C. MORTIMER

View of Security National Bank, Showing its Affiliated Institution, the Security Trust and Savings Bank, Los Angeles, Cal.

New Home of the Security National Bank, Los Angeles, Cal.

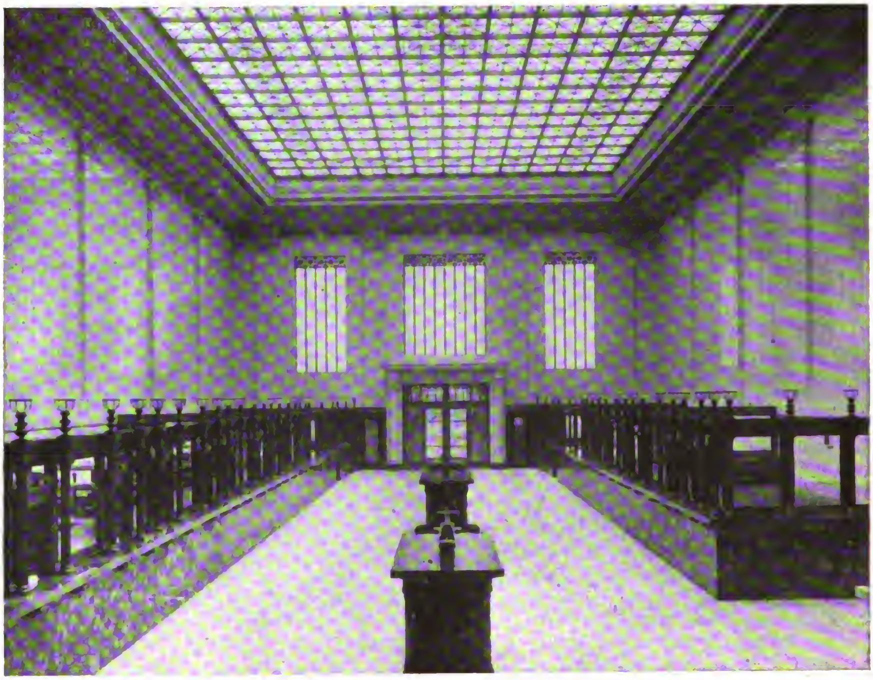
Security National Bank of Los Angeles Moves Into New Quarters

Considered Architectural Masterpiece

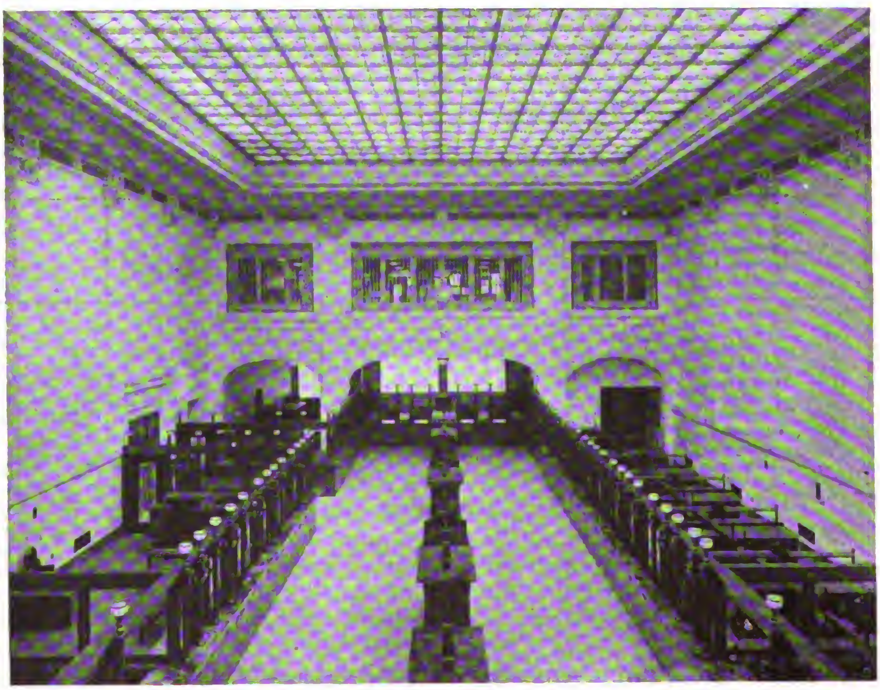
THE Security National Bank, for several years past located at Fourth and Broadway, Los Angeles, now occupies a palatial new banking home on Spring Street at Fifth. The new edifice adjoins the Security Building, the ground floor of which is occupied by the Security Trust and Savings Bank, the two banking rooms being connected by a broad passageway, allowing free access to either bank.

The new home of the Security National Bank is of Class A construction, and fireproof throughout. The framework is entirely of steel, the outer walls of brick, fireproofed with terra-cotta tile and concrete, and the floors of the same material.

The front is of fine cut pink granite, with eight large one-piece columns of Stonington pink granite, highly polished and measuring thirty feet from cap to base. These columns are forty inches in diameter, and weigh twenty tons complete. Owing to their great weight and length, they were shipped from the quarries at Rockport, Me., one to a flat car. They are probably the largest



View of the Main Banking Room, Security National Bank, Los Angeles, Cal.



Main Banking Room, Security National Bank, Los Angeles, Cal.

single columns upon the Pacific coast.

The balance of the front is also of Stonington pink granite, the same as was used in the new Boston Art Museum, which is considered one of the most beautiful buildings in the United States. The street front is of classic design of the Ionic order, the architectural expression being that of a substantial banking structure, eliminating all frivolous ornaments, and trimmings and confining the treatment, both exterior and interior, to that of a dignified up-to-date building for banking purposes.

The walls from floor to ceiling are covered with English vein white Italian marble, 'cut from one block, each panel matching perfectly. As in the front, the design here is of the Ionic order. The base is of red Numidian marble, as are the counters, counter fronts and lobby desks. The counter screens are of bronze, carrying out the same design as in the Security Trust and Savings Bank.

Main Entrance, Security National Bank, Los Angeles, Cal.

The ceiling of the banking room is of white opalescent art glass, decorated with a classical scroll ornament in amber color and surrounded by a cornice of classic design. Thus the room is flooded with natural light, at the same time being absolutely free from shadow, a soft, even light prevailing throughout the day.

The main entrance vestibule projects

Entrance to Vaults, Security National Bank, Los Angeles, Cal.

into the banking room and its interior walls and ceiling are of silver gray Sienna marble. The large grill sliding doors in the main entrance are of bronze, as are the vestibule swinging doors, the latter containing beveled plate glass.

There are four desks in the lobby, all of red Numidian marble, and seats of cast bronze with Spanish leather upholstering. The main lobby between the counters is 22 feet wide and 106 feet deep.

The officers' quarters are in front, immediately adjoining the main entrance and are followed by the tellers' cages, which surround the entire banking room, excepting where the broad passageway connects with the Security Trust and Savings Bank.

In this passage will be found the information bureau, separate entrances from the street and from the building, and a public stairway leading down to the safe deposit department in the basement of the Security Trust and Savings Bank, providing convenient safe deposit facilities for patrons of both banks.

Adjoining the main entrance of the Security National Bank is a private stairway leading to the directors' room and officers' rooms located in the basement, which also contains storage rooms, book vaults, locker and machine rooms.

The rear fifty feet of the building extends to a height of five stories, the four upper stories of which are occupied by various departments of the Security Trust and Savings Bank, in-

J. F. SARTORI
President Security National Bank and Security Trust and Savings Bank, Los Angeles, Cal.

S. F. ZOMBRO
Vice-President Security National Bank, Los Angles, Cal.

cluding an auditorium upon the fifth floor, which provides a convenient place for meetings, etc.

The entire second floor, which connects with the balcony of the Security Trust and Savings Bank, is occupied by the trust department, and is most conveniently arranged for the patrons of that department.

Access to this department is gained by elevators in either bank, as well as by a broad stairway from the Fifth street entrance of the Security Trust and Savings Bank.

In the rear of the main banking room will be found a cash vault of strictly modern construction, equipped with every device to insure a burglar-proof and fireproof vault. The construction, together with electric alarms, make it impossible to cut through the walls or operate the doors or mechanism, with which these doors are equipped, without sounding an alarm both in the bank and in the police station.

There is a smaller vault midway between the first and second floors, accessible from the rear stairway, and another on the second floor, constructed practically the same as the cash vault.

The entire building is equipped with a heating and ventilating system, with means for washing, cooling or warming the air to the required temperature, as well as automatic regulation of same. Sanitary drinking fountains with running cold water have also been placed in various portions of the building.

SKETCH OF THE BANK'S ORGANIZATION AND HISTORY.

The following is a history of the Security National Bank: In 1907 the Central National Bank was organized. George Mason was president; S. F. Zombro and J. R. Mathews, vice presidents; and J. B. Gist, cashier. Upon the death of Mr. Mason in 1909, Mr. Zombro became president of the

bank. In the latter part of 1913 the stockholders of the Security Trust and Savings Bank purchased the stock of the Central National Bank, and the name of the latter institution was changed to Security National Bank, with J. F. Sartori, president; S. F. Zombro, M. S. Hellman, W. H. Booth and J. R. Mathews, vice-presidents; James B. Gist, cashier; and A. M. Beamon and C. S. Albro, assistant cashiers.

Mr. Zombro, the executive in charge, has been in the banking business for more than thirty-two years and a bank director and officer since 1887. He came to Los Angeles early in 1881, at which time the population of that city was about 12,000. He has had wide experience in the banking business as well as in commercial activities, having been associated with various projects during his career as a banker, and is well known throughout Southern California.

At a recent meeting of the directors J. A. H. Kerr was elected cashier. Mr. Kerr has a large circle of friends and acquaintances on the Pacific coast, and was National Bank Examiner for ten years. During this time he resided in Los Angeles, except for about two years, when he was detailed for special work in Oregon, Idaho and the western part of Pennsylvania. His record as an examiner is an excellent one, not a single failure having been recorded under his regime. Before becoming National Bank Examiner he was connected with the First National Bank of Redlands, California, and prior to that time practiced law in Chicago.

The entire stock of the Security National Bank is owned by the stockholders of the Security Trust and Savings Bank, the combined resources of the two being in excess of $59,000,000

The space devoted to the two banking rooms is doubtless the largest area occupied by any one general institution west of Chicago. Both banking rooms in their arrangement, equipment, facilities and construction are especially adapted to the business of banking. Great care has been exercised to provide the best means possible for serving the steadily increasing number of patrons of both the Security National Bank and the Security Trust and Savings Bank, the latter now has more than 100,000 accounts.

The complete list of officers and directors of the Security National Bank is as follows:

J. A. H. KERR
Cashier Security National Bank, Los Angeles, Cal.

Officers—J. F. Sartori, president; S. F. Zombro, M. S. Hellman, W. H. Booth and John R. Mathews, vice presidents; J. A. H. Kerr, cashier; A. M. Beamon, C. S. Albro, V. R. Pentecost, assistant cashiers.

Directors—W. H. Booth, Robert N. Bulla, A. B. Cass, C. T. Crowell, J. B. Gist, William Garland, M. S. Hellman, R. H. Howell, J. A. H. Kerr, Niles Pease, Lee A. Phillips, A. W. Rhodes, J. F. Sartori, Charles H. Toll, and S. F. Zombro.

Ernesto Tornquist & Co., Limited, Buenos Aires, Argentine Republic

THE oldest and most renowned banking institution in Latin America is the firm of Ernesto Tornquist & Co., Limited, of Buenos Aires, capital of the Argentine Republic.

Its origin must be looked for as far back as the year 1830, but it was only under the able direction of the late Mr. Ernesto Tornquist, whose name the firm has borne since the year 1874, that its operations began to acquire the magnitude which is to-day the firm's principal characteristic.

In fact, the companies which the firm has organized embrace many and most important branches of commerce and industry of that South American country which, during the last years, has attracted to itself such attention through its marvelous progress, of which the late Mr. Ernesto Tornquist was one of the most active and enthusiastic pioneers.

Endowed with uncommon intelligence, energetic and indefatigable in the persecution of his designs, this skillful business man and expert financier succeeded in raising his firm from a relatively modest beginning to the important position it now occupies as a great managing center of many great and prosperous enterprises.

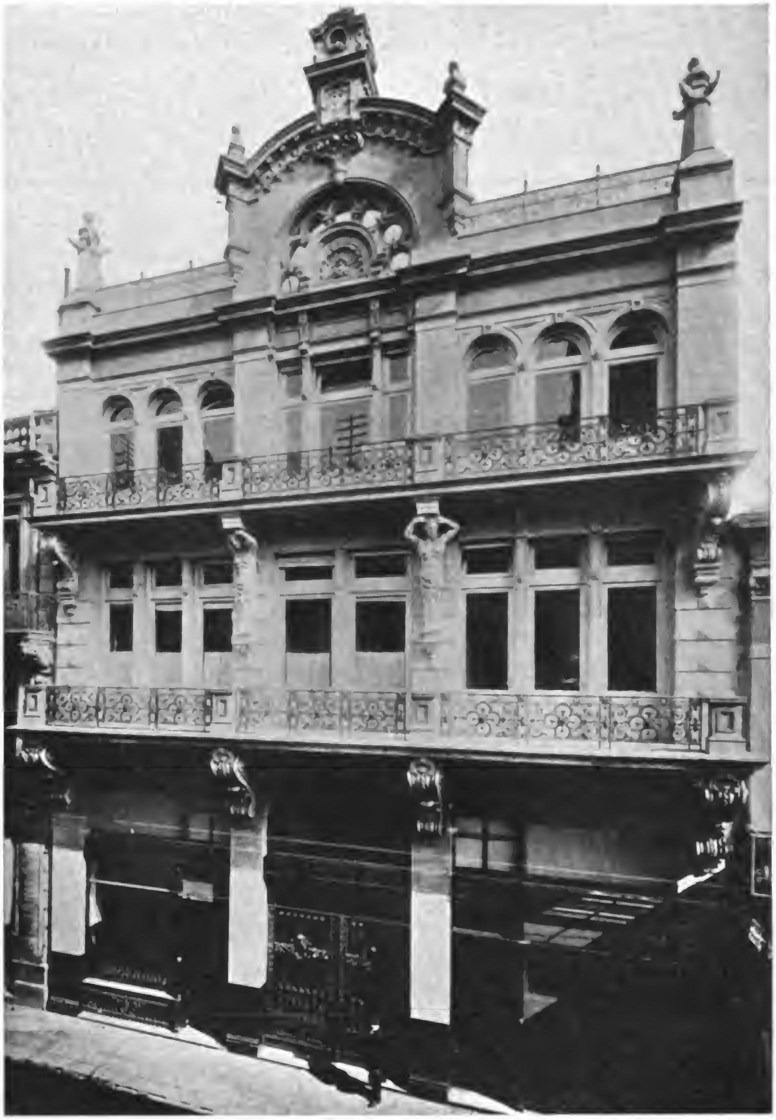
The late Mr. Tornquist also took an active part in solving questions of transcendental importance to this country. In 1891, during the presidency of Dr. Carlos Pellegrini, who was an intimate friend of the late Mr. Tornquist, the Argentine Government, acting upon Mr. Tornquist's advice, founded the Banco de la Nacion Argentina. Mr. Tornquist drew up the charter of this institution which has now become one of the strongest banking concerns in the world, as the following figures show: Capital, $128,000,000—paper (gold $56,320,000); reserves, gold, $14.565.400; deposits, gold, $2,100,000 and $689,900,000 paper (gold, $303,556,000), totalling, gold, $305,656,000.*

As a credit institution the Banco de la Nación Argentina has been extremely efficient in the economic development of the country. In 1899 the late Mr. Tornquist planned the law

CARLOS A. TORNQUIST
Ernesto Tornquist & Company, Ltd., Buenos Aires

which solved the Argentine monetary problem, and did away with speculation that people indulged in, based on the variation of the value of the fiduciary currency, by fixing at 44 cents gold the maximum value of the paper dollar. This rate has since experienced no practical alteration, and to-day the gold

*U. S. $1,000 equal to Argentine gold $1,036.40.



Tornquist Building, 132 San Martin, Buenos Aires

which has been flowing into the "Caja de Conversión" in virtue of the above mentioned law and as a guarantee of the paper currency issued thereagainst at the fixed rate of 44 cents gold, has reached the important sum of 316,000,000 gold dollars.

This law, which gave the Argentine Republic a stable currency is considered to-day one of the fundamental causes of the country's great prosperity, and the name of its initiator, the late Mr. Ernesto Tornquist, will remain permanently attached to it.

His premature death, which occurred in 1908, was considered a great loss to the Argentine Republic, where the late Mr. Tornquist was regarded as one of

the most eminent men of his time and a great authority on financial and economic matters.

INCORPORATION OF THE FIRM

In 1899 the old commercial firm of Ernesto Tornquist & Co., was transformed into a share company, with unlimited liability of its partners, and on July 1, 1906, the present limited liability company was formed under the style of: "Sociedad Anónima Financiera, Comercial é Industrial Ernesto Tornquist & Cia., Limitada," with a fully paid capital, in ordinary and preferred shares, namely:

	Gold
Capital	$7,500,000
Reserves	361,000
	$7,861,000
On July 1, 1916, the capital was...	$7,500,000
Reserves	5,001,048
	$12,501,048

The increase of capital was as follows:

Year			Gold
1858			$50,000
1865			100,000
1874			300,000
1884			1,600,000
1889			2,400,000
1899			4,500,000
June 30, 1906:			
Capital	Gold	$4,500,000	
Reserves	"	3,722,000	
			8,222,000
July 1, 1906:			
Ordinary shares	Gold	$4,500,000	
Preferred shares	"	3,000,000	
Reserves	"	361,000	
			7,861,000
July 1, 1916:			
Ordinary shares	Gold	$4,500,000	
Preferred shares	"	3,000,000	
Reserves	"	5,001,048	
			12,501,048

The preferred shares bear interest at the rate of six per cent.

The dividends distributed on the ordinary shares have been as follows:

	Per Cent.
Up to 1904	9
Up to 1911	10
Since 1912 to date	12

Notwithstanding the important dividends distributed, the periodical increases of capital, including the issue of preferred shares, were obtained by capitalizing part of the accumulated reserves, as can be seen by the preceding figures.

The companies organized by Tornquist & Co., or in the organization of which they have taken an important part, represent a capital of approximately, gold, $200,000,000. The list of them which follows, indicates the object of each and shows the varied manner in which this enormous capital has been applied towards the development of the national economy of the country.

INDUSTRIAL COMPANIES

Agricultural implements and other rural articles:—Eugenio C. Noé & Co.

Sugar:—Compañia Azucarera Tucumana, S. A.; Refineria Argentina, S. A.

Beer:—Cerveceria Palermo, S. A.

Meat:—Compañia Sansinena de Carnes Congeladas, S. A.; Establecimientos Argentinos de Bovril, Ltd.

Iron and Steel:—S. A. Talleres Metalúrgicos, formerly Rezzonico, Ottonello & Co.

Machinery:—S. A. Técnica y Comercial, formerly Geiger, Zublin & Co., Ltd.

Metals — Enamelled Ware: — "Ferrum"—Industria Argentina de Metales, S. A.

Furniture: — "Thompson" Muebles Limitada.

Tobacco:—Manufactura de Tabacos Piccardo & Co., Ltd. ("43" brand); Compañia Introductora de Buenos Aires, S. A. ("Avanti" brand).

Candles and Soap:—Compañia de Productos Conen, S. A.

Glass:—S. A. Cristalerias Rigolleau.

EXPLOITATION OF NATURAL PRODUCTS

Guebracho:—"El Quebracho" S. A.; Quebrachales Chaqueños, S. A.; Quebrachales Tintina, S. A.

Petroleum:—El Petróleo Argentino de San Rafael, S. A.; El Petróleo Argentino, S. A.

Products of the Delta:—Plantadora Isleña, S. A.

Cattle and Agricultural Companies: —Compañia de Productos Kemmerich, S. A.; Compañia Rural Amebresa, S. A.; La Alianza Amberesa, S. A.; S. A. Estancia "La Verde"; S. A. Estancia y

Tornquist Building, 531 Bartolme Mitre, Buenos Aires

Colonias "Curamalán"; S. A. Estancia y Colonia Tornquist.

Mortgage Companies:—Banco Belga de Préstamos Territoriales, S. A.; Crédito Territorial Argentino, S. A.; Sociedad General Belga Argentina, S. A.; Sociedad Territorial Belga Argentina, S. A.; S. A. Industrial y Pastoril Belga Sud-Americana.

Railway and Port Construction Works:—Compañia Belga Argentina de Ferrocarriles, S. A.; Crédito Ferrocarrilero Argentino, S. A.; Ferrocarril Longitudinal de Chile; Puerto Comercial de Bahía Blanca.

Miscellaneous: — Hotels: — Bristol Hotel, S. A., Mar del Plata; Plaza Hotel, Buenos Aires.

Export:—Cristian Altgelt & Co.

Theatre:—Coliseo Argentino, S. A.

It has never been the firm's purpose, in creating companies, to abandon them to their own resources; on the contrary, the firm has alway endeavored to remain in close contact with them, and the proof lies in the fact that it keeps not only the control but also the administrative supervision of the majority of them.

As a logical consequence of this line of conduct, as their companies grew in number and in importance, Tornquist & Co. also developed and strengthened their own position, until the firm acquired the reputation that it today enjoys as a banking institution of world-wide prestige.

As representatives of the leading European banks and financial houses, Tornquist & Co. have participated in most of the loans issued by the Argentine Federal Government and by the City of Buenos Aires, as well as in the arrangements of the external debt of the City of Rosario, in the consolidation of the obligation of the liquidated Banco Hipotecaria de la Provincia de Buenos Aires, and in other important financial operations.

The present board of directors includes two sons and three co-workers of the late Mr. Ernesto Tornquist: Messrs. Carlos Alfredo Tornquist, Ro-

dolfo Daetwiler, Máximo Hagemann, Miles A. Pasman and Dr. Eduardo A. Tornquist.

The syndics (auditors) of the firm are: Dr. José Maria Rosa and Mr. Enrique Berduc former national Finance Ministers, and Dr. Luis M. Drago, former national Minister of Foreign Affairs and Permanent Member of the Court of Arbitration at The Hague. Dr. Drago is a distinguished lawyer and jurist whose name has become famous owing to his brilliant achievements in the Venezuela affair; he succeeded the late Dr. Juan J. Romero. This conspicuous public man, an eminent jurist, who on two occasions had been National Finance Minister, was one of the oldest advisers of the firm and was intimately connected with its founder.

The offices of Messrs. Ernesto Tornquist & Co. occupy an important building owned by them in the centre of the commercial activity of the great South American metropolis, facing the streets Bartolomé Mitre and San Martin. The offices of some of their companies are also located in this building.

As a banking institution, Ernesto Tornquist & Co., Ltd., have agents or correspondents in all the important towns and cities of the Argentine Republic, Europe, and United States of North America, and they undertake all kinds of financial, banking and industrial operations, as well as the purchase and sale of stocks, shares and bills of exchange; sale of letters of credit, arbitrage operations, collection of drafts and coupons, investment of capital in mortgage, etc.

A Bank With a Personality

WHEN a bank within a short space of three years increases its deposits from seven million to over twenty-two million dollars, and is forced by pressure of business to raise its capital from $1,000,000 to $1,500,000, it will be admitted that that bank has won success; and where such a splendid measure of success is achieved there is always an underlying reason for it that is well worth studying.

The figures given above represent the growth of the International Trust Co. of Boston from the date of its absorption of the Lincoln Trust Co., three years ago, up to the present time. The reason, in this case, is not far to seek. The International Trust Co., from the moment it passed into the hands of its present management, began to develop a personality—a strong personality, based on President Charles G. Bancroft's ideas of true banking service. This personality rapidly became a composite affair, for the efforts of the president have, from the start, been ably seconded by Vice-president Henry L. Jewett, Treasurer C. B. Whitney, the other officers, the entire board of directors, and every member of the banking staff.

President Bancroft is not only an able banker, but a successful business man and lawyer as well, and under his guidance a careful and thorough study of the needs of the bank's community has been made. The board of directors is composed of men who are important factors in many lines of business, thus bringing to the company's aid detailed knowledge of the conditions existing in these many lines of business. This knowledge, coupled with the wide experience of the officers of the bank, has en-

abled its officers to place its funds, amply safeguarded, at the disposal of a wide field of business activity.

The main office of the company is located in the heart of one of Boston's greatest business centres, while the Summer street branch serves the largest wool and leather districts in the world.

CHARLES G. BANCROFT
President International Trust Co., Boston, Mass.

In 1915 the company established a savings department, whose deposits now total over $3,000,000. The trust department has made an equally satisfactory growth.

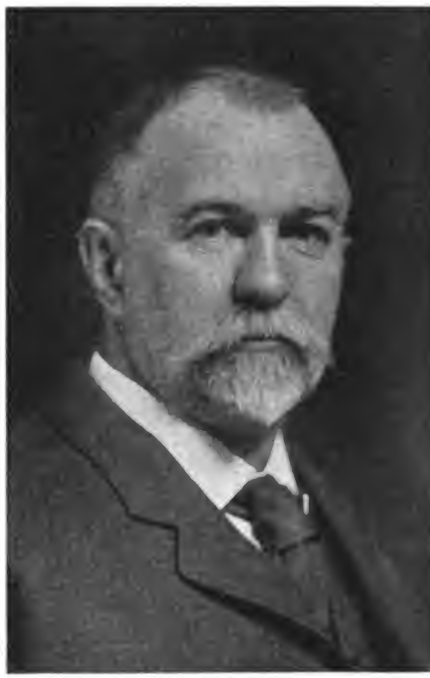
Thoroughly modern in equipment, the entire institution is, as has already been stated, actuated by the highest ideals of bank service. For instance, in an advertisement headed "An Intimate Word to the Public," President Bancroft cites the following as the broad general policy laid down by the officers and directors of the company:

1. The respect and confidence of all other banking institutions should first be deserved and then secured to the fullest degree.

2. Every facility required by a varied and increasing clientele should be provided.

3. Intelligence, efficiency and courtesy on the part of every member of the organization should be insisted upon, with absolutely no discrimination on account of race, color, creed or any other thing—except character.

The International Trust Co. has been approved as reserve agent for all state banks and trust companies of New York that have asked that it be so designated. The well-known discrimination of the New York state banking authorities thus attests the strength and soundness of this Boston institution.



HENRY L. JEWETT
Vice-President and Secretary International Trust Co., Boston, Mass.

The growth of the company has not

been sporadic, but on the contrary has been a steady upward climb, as evidenced by the following statement of deposits:

		Increase.
Feb. 1, 1914	$6,902,139.08	....
Feb. 1, 1915	10,641,754.56	54.18
Feb. 1, 1916	15,254,235.93	43.34
Feb. 1, 1917	22,440,074.14	46.45

Ever alive to its duty toward the public the International Trust Co., at the suggestion of President Bancroft, offered in 1915 double pay to such of its employees as were called to military duty; and this year, when the great war loan of the United States Government was in immediate prospect, the company offered to buy Government bonds for its customers, allowing the latter to pay for them in such a way as to make it an extremely easy matter for anyone to acquire the bonds.

The marked success of the International Trust Co. of Boston is indeed a "Story of Service."

CLIFFORD B WHITNEY
Treasurer International Trust Co., Boston, Mass.

Ruling on Trade Acceptances

THE Federal Reserve Board has made a ruling that a bill drawn for a balance due on open account of long standing, which is accepted by the debtor, might constitute a trade acceptance, but that in order for it to be excepted from the limitations imposed by section 13 of the Federal Reserve Act as a bill drawn against actually existing value it must have been drawn contemporaneously with, or within such a reasonable time after the shipment of the goods as to justify the assumption that the goods are in existence in the hands of the drawee in their original form or in the form of proceeds of sale. As evidence of this fact the Federal Reserve banks might reasonably require, says the ruling, such trade acceptances as are offered as "bills of exchange drawn against actually existing values" to show the date of invoice, so that it may be determined whether or not the account is one of long standing.

Banking and Financial Notes

NEW TRUST AND DEPOSIT COMPANY IN NEW YORK

May first witnessed the successful opening of the recently organized Mercantile Trust and Deposit Company in New York. Flowers filled the main banking spaces and thousands of visitors welcomed this latest addition to the city's ranks of strong financial institutions. Better still, many of those who called on the first day came not merely to offer congratulations, but to open accounts, and the total deposits received show that the company is already assured of a large business.

The location of the Mercantile Trust and Deposit Company, in the Real Estate building at 115 Broadway, is exceptionally favorable, being in the heart of New York's great financial district. The rooms of the company afford ample banking space, and they are well arranged and adequately equipped.

At the head of the new institution as president is Chellis A. Austin, who resigned as vice-president of the Columbia Trust Company to accept this position. Charles D. Makepeace is vice-president and secretary; Cornelius J. Murray, assistant treasurer, and John A. Burns, assistant secretary.

It will be seen from the affiliations of the directors that the Mercantile Trust and Deposit Company has a board of exceptional strength and representative of diversified business interests. The list of directors follows:

Chellis A. Austin, president of the company; Elliott Averett, vice-president United Cigar Stores Co.; Edward J. Barber, vice-president Barber & Co., Inc.; Henry S. Bowers, Goldman Sachs & Co., bankers; Frank N. B. Close, vice-president Bankers Trust Co.; Delos W. Cooke, vice-president Erie Railroad; C. G. DuBois, comptroller American Tel. & Tel. Co.; Frederick F. Fitzpatrick, president Railway Steel Spring Co.; Harvey D. Gibson, president Liberty National Bank; William Giblin, president Mercantile Safe Deposit Co.; Thomas Hildt, vice-president Bankers Trust Co.; Alfred R. Horr, treasurer Equitable Life Assurance Society; Herbert P. Howell, vice-president National Bank of Commerce; N. D. Jay, vice-president Guaranty Trust Co.; James W. Johnston, treasurer Western Electric Co.; Bertram Lord, foreign financial manager Wells Fargo & Co.; Elgood C. Lufkin, president The Texas Co.; John McHugh, vice-president Mechanics and Metals National Bank; Theodore F. Merseles, vice-president

JOHN H. FULTON
Vice-President The National City Bank
New York City

Mr. Fulton came to The National City Bank last January having been elected a vice president at the meeting of the board of directors held on January 9, 1917. He still retains a directorship and interest in the Commercial National Bank and the Commercial Germania Trust and Savings Bank in New Orleans, the First National Bank of McComb, Mississippi, and the Commercial Bank of Rayne, La.

and General Manager National Cloak and Suit Co.; Albert G. Milbank, Masten & Nichols, lawyers; Samuel H. Miller, vice-president Chase National Bank; Sherburne Prescott, treasurer Anglo-American Cotton Products Corp.; Jackson E. Reynolds, general attorney Central R. R. of N. J.; Charles S. Sargent, Jr., Kidder, Peabody & Co., bankers.

The success of any institution so directed is made certain in advance, and the Mercantile Trust and Deposit Company will immediately take a strong position in the New York banking world. The capital of the company is $1,000,000 and the surplus $500,000.

MAY 1 STATEMENT OF NATIONAL BANK OF COMMERCE

The May 1, 1917, statement of condition of the National Bank of Commerce in New York follows:

RESOURCES	
Loans and Discounts	$213,573,592.25
Bonds, Securities, etc.	32,203,265.01
Banking House	2,000,000.00
Due from Banks and Bankers	32,378,420.92
Cash, Exchanges and due from Federal Reserve Bank	103,069,036.72
Customers' Liability under Letters of Credit, Acceptances, etc.	29,590,321.58
Interest Accrued	704,794.53
	$413,519,431.01

LIABILITIES	
Capital, Surplus and undivided Profits	$44,850,500.65
Deposits	338,068,215.86
National Bank Notes outstanding	155,000.00
Letters of Credit and Acceptances	26,912,426.24
Unearned Discount	790,516.86
Other Liabilities	2,742,771.40
	$413,519,431.01

"MOBILIZING MONEY FOR WAR"

"America must enlist its wealth as well as its manhood" is the opinion of the Guaranty Trust Co. of New York, expressed in a booklet, "Mobilizing Money for War," which it has just issued. The necessity of recruiting the nation's resources for the $7,000,000,000 Government war loan is emphasized as the duty of every citizen.

That the American people are not

educated to the purchase of bonds, as are the people of other countries, is pointed out. In the United States, not one person in 500 owns a Government bond, while in both France and England eleven persons in every one hundred have helped individually to finance those countries in performing their part in the present war.

Thousand of persons who never have purchased bonds, who never have been in touch with financial houses, must become investors in this issue. It has an appeal not only to patriotism, but to reason and to business sense. The whole nation must be quickened to a complete understanding of the spirit and meaning of this investment.

Our national income is estimated to have increased almost thirty-three and one-third per cent. in the last seven years, and nearly 117 per cent. in the last seventeen years. Contrasted with our enormous income and the increasingly great volume of foreign trade, it is stated that the Government's outstanding interest-bearing public debt is less than one billion dollars *principal*—only one-fortieth of the nation's present annual income. Furthermore, the United States possess one-third of the world's stock of gold—nearly three billion dollars.

While the banking institutions of the United States may be confidently relied upon to take their full share of this loan, it must be remembered that these institutions are relied upon by our great manufacturing and trade enterprises, whose activities will probably be increased by our entrance into war, to provide them with credit with which to carry on their activities. Any reduction of such credits, necessitated by too large a participation in the Government loan, would be a blow to the country's industries. It is evident, therefore, that the bulk of the loan should be taken by the public at large, and not by the bankers.

The history of the United States proves abundantly that our people do not hesitate when the life, the integrity, or the dignity of the nation is at stake.

NEW STATE SUPERINTENDENT OF BANKS

The nomination of George I. Skinner of Bainbridge to be New York State Superintendent of Banks to succeed Eugene Lamb Richards, whose term of office would have expired July 1, but who asked to be relieved sooner, was sent to the Senate last month by Governor Whitman. It was immediately confirmed. Mr. Skinner has been first deputy superintendent of banks for many years.

TWO VALUABLE PAMPHLETS ON THE WAR SITUATION

The National Bank of Commerce in New York is fortunate in having on its official staff two such able writers as President James S. Alexander and Vice-President John E. Rovensky. Both of these men, besides being able observers of current financial affairs, have the happy faculty of expressing their thoughts in an unusually clear and interesting manner.

"Principles Involved in War Financ-

ing," by James S. Alexander, originally appeared in the May number of "System Magazine." To those who believe that taxation will prove too heavy a burden for the American people, Mr. Alexander says:

"It will undoubtedly be suggested that taxation imposes a burden upon the people which they ought not to be called upon to undertake at such a time. Personally I believe that if the American people are to go into this war as an aroused and patriotic nation they have the means on hand to avoid any unnecessary burden from taxation. I mean that by a reduction of the extravagance which is so widely prevalent today, and by the adoption of a reasonable policy of thrift and economy, enough money would be saved to produce a substantial part of the money the government needs in this emergency. One of the most vital steps that can be taken toward a thorough financial preparedness, both during the war and in the important period of upbuilding which must follow, is the training of the national mind towards thrift and an elimination of the lavishness which has characterized the people of this country, both rich and poor, during the last few generations. Our standard of living is unnecessarily high. This fact is serious in itself, but when it is combined with an entire absence of that national sense of thrift which has been the backbone of French economic strength for generations, we are confronted with a very serious obstacle towards a permanent position in world finance."

Mr. Rovensky in his pamphlet, which is entitled "Gold," sounds a warning note. He shows that the present position of financial command was thrust upon this country through sheer logic of circumstances, and that it will offer us little protection against the adverse effects of the world's financial readjustment when the war is over.

The Federal Reserve System will act as a barrier to another national panic such as occurred in 1907, Mr. Rovensky points out; but, he warns, we are liable to experience a period of marked business depression while gold reserves throughout the world are finding their normal levels. Belligerent countries will face the necessity of attracting gold imports with which to replenish their exhausted reserves and stabilize domestic credits. The tide of gold will tend to swing away from the United States because the belligerents of Europe will curtail commodity imports, increase exports, and because of the higher interest level for their government securities.

What steps, Mr. Rovensky asks, can the United States take to offset the resultant outflow of its surplus stocks? A sudden withdrawal of gold would mean an equally sudden contraction of credit. It is desirable, he shows, that a certain portion of the excess reserves be so disposed of as to remove the menace to economic stability.

The dangers of an abrupt collapse of credit after the war are pointed out. To offset this situation, Mr. Rovensky suggests placing the gold reserves of this country more directly under the

control of the Federal Reserve Banks and the extension of loans of proper maturities to European countries.

NEW YORK CHAPTER FORUM HOLDS ANNUAL BANQUET

The Forum section of New York Chapter of the American Institute of Banking recently held its annual banquet at the Hotel McAlpin. Over two hundred bank officers, executives, and senior men of the Chapter were present. After the dinner had been served five-minute addresses were made by the following:

R. A. Philpot of Lazard Freres, who is chairman of the section; E. W. Stetson, vice-president Guaranty Trust Co.; R. H. Tremen, governor of the Federal Reserve Bank; H. D. Gibson, president of the Liberty National Bank; J. A. Neilson, vice-president Mercantile Bank of the Americas; Horace F. Poor, vice-president Garfield National Bank; J. A. Broderick, chief of the auditing department Federal Reserve Board; J. A. Seaborg, president New York Chapter; Geo. E. Allen, educational director of the A. I. B.; E. G. McWilliam, president of the A. I. B. George P. Kennedy of the Guaranty Trust Co., acted as toastmaster.

BANKERS COMMITTEE TO HANDLE FOREIGN EXCHANGE WAR PROBLEMS

Arrangements have been completed whereby a committee of New York bankers will, in coöperation with the State Department, handle any unusual problems in foreign exchange which may arise during the war. The committee is composed of Max May, vice-president of the Guaranty Trust Co.; J. H. Carter of the National City Bank; J. E. Rovensky of the National Bank of Commerce, and George Leblanc of the Equitable Trust Co. The committee states that the step was taken simply to meet any emergency which may arise as the result of changing financial relations between the nations while the war lasts. Its functions, if the need arises, may be simi-

lar to the committee of bankers in London which was formed under the trading with the enemy measures early in the conflict, which scrutinizes all financial transactions put through by British subjects with other nations.

ESTATES AND TRUSTS

"Estates and Trusts" is the title of a very attractive booklet recently issued by the United States Mortgage and Trust Co. of New York. It discusses such subjects as the making of a will and the appointment of a suitable executor, the setting aside of a trust fund, the selection of a custodian for property, the choice of an agent to manage estates and trust funds, the safeguarding of valuables. It answers with facts, questions frequently brought before the officers in charge of the company's trust department, and is put out in the hope of serving the needs of the many clients and friends of the company.

NEW CREDIT MANAGER FOR FEDERAL RESERVE BANK

G. E. Chapin, formerly with the Westinghouse Electric and Manufacturing Co., has assumed his new duties as credit manager of the Federal Reserve Bank of New York.

TAKES OVER DOMINICAN BANK

Announcement is made by the International Banking Corporation of New York that they have acquired the banking business formerly conducted by S. Michelena in the Dominican Republic and have opened a branch of the International Banking Corporation in the city of Santo Domingo with agencies at all the principal points in the Dominican Republic.

ASSISTANT TREASURER GUARANTY TRUST

George A. Hannigan was appointed recently an assistant treasurer of the Guaranty Trust Co. of New York. He has been associated with that company since 1911, having been connected for the last year with its foreign department.

Mr. Hannigan was born in New York City August 5, 1886, and was educated in its public schools and in the College of the City of New York.

His business experience, prior to 1911, included four years with New York brokerage firms, and three with New York banking houses. Since he associated himself with the Guaranty Trust Co. in 1911 he has been a member of several of its departments.

BANK EXAMINER GOES TO NATIONAL BANK OF COMMERCE

Adolph F. Johnson, for many years with the Irving National Bank, and more recently a state bank examiner, has gone with the National Bank of Commerce, New York, to fill the newly-created position of special examiner. Mr. Johnson has been active in New York Chapter of the American Institute of Banking for many years, and has acquired an enviable record in many lines

and more especially in debating. His many friends in the Institute are glad to see the value of Institute training again demonstrated.

JOHN H. TROWBRIDGE WITH ATLANTIC NATIONAL BANK

John H. Trowbridge, for sixteen years with the Mechanics and Farmers Bank of Albany, has just resigned from that bank to take a responsible position in the new business department of the Atlantic National Bank of New York. Mr. Trowbridge was a charter member of Albany Chapter, A. I. B., and has been active in chapter work. He has attended several Institute conventions and has made many friends among the bankers throughout the country.

JOHN H. TROWBRIDGE
Atlantic National Bank, New York

DEATH OF GEORGE W. BENTON

George W. Benton, cashier of the Bankers Trust Company of New York, died recently at his home in Brooklyn. At the time when the Mercantile Trust

Co. merged with the Bankers Trust he came over from that institution and became treasurer. Last December he was made cashier.

URGES WIDER USE OF ACCEPTANCES

Lewis E. Pierson, chairman of the board of the Irving National Bank, New York, recently delivered an address before the convention of industrial leaders in Memphis on trade acceptances. Mr. Pierson outlined the benefits and advantages of trade acceptances and strongly urged their wider use in present day business.

NOBLE F. HOGGSON COMMENTS ON AFTER THE WAR TRADE

Noble F. Hoggson, president of Hoggson Brothers, New York builders, after a two months study of the industrial and agricultural areas of France states that the reconstruction period after the war will make a call upon American industries which will tax all of our resources and lead to a reciprocal trade which will be larger and more enduring than the mushroom trade of the past two years. Mr. Hoggson bases his beliefs on information obtained while a member of the American Industrial Commission making a survey last fall of the devastated areas of France.

CHANGE IN GUARANTY TRUST COMPANY

George P. Kennedy, who has been with the Guaranty Trust Co. since last September, was recently appointed an assistant cashier. Previous to his connection with the Guaranty Mr. Kennedy was manager of an uptown branch of the Produce Exchange Bank, vice-president of the Century Bank, and vice-president of the Chatham and Phoenix National Bank.

GEORGE P. KENNEDY
Assistant Treasurer Guaranty Trust Company of New York

LONDON BRANCH OF GUARANTY TRUST CO. CABLES CONGRATULATIONS

The Guaranty Trust Co. of New York received recently a cable from the London office of the bank to the

effect that all in the London branch are proud of the stand taken by the United States and are inspired by the thought that their comrades in New York are their allies in the fight for humanity and liberty. Over fifty members of the London branch have enlisted in the English army and a number of them have given their lives in the service.

EXCESS PROFITS TAX LAW BOOKLET

The Guaranty Trust Co. of New York have prepared for free distribution a booklet on the excess profits tax laws. In the booklet is given an explanatory example of the working of the law and a complete digest.

URGES AN ADVISORY COMMITTEE

In a recent statement given out by James S. Alexander, president of the National Bank of Commerce of New York, it was strongly urged that an advisory committee of bankers be appointed to assist in solving financial problems arising in connection with the war. Mr. Alexander states that there is no excuse for unsound financing to-day and that questions which have a profound bearing upon the economic future of the United States should not be decided blindly.

NEW TRUST COMPANY

The Hannevig Marine Trust Co. has leased the old Liberty National Bank building at 139 Broadway and in the near future expects to open for business. Christoffer Hannevig, Max Straus, George A. Charters and H. E. Norboare, are identified with the company, which intends to loan money on ships.

WILLIAM J. HENRY RESIGNS

William J. Henry, for the past eleven years secretary of New York State Bankers Association, has tendered his resignation to take place the first of July. At the time of his appointment to the position of secretary Mr. Henry was a clerk in the Irving National Bank

Putting up the first War Bond sign in the New York financial district in front of the building of the National Bank of Commerce

and in his long term of office he has made a large and favorable acquaintance among the state bankers. At the present time he is interested in the Belgian Relief Fund and will devote some months to this work. Eventually he will enter the investment security business.

AMERICAN STEEL EXPORT CO. APPOINTS NEW ASSISTANT GENERAL MANAGER OF SALES

The American Steel Export Company, Woolworth building, New York, has appointed Charles S. Vought as assistant general manager of sales. Mr. Vought is well fitted to assume the duties and responsibilities of this position,

CHARLES S. VOUGHT
Assistant General Manager of Sales, The American Steel Export Co.

having largely directed the immediate sales policy of the company and having devoted his personal attention to practically all of the many hundred orders handled during the last year. Mr. Vought has an entire familiarity not only with the various export markets of the world and their peculiarities and special requirements, but has also a thorough knowledge of mill conditions and the technicalities involved in the production of steel and steel products, and was formerly one of the managers of the order department of the Cambria Steel Company.

J. P. MORGAN & CO. OFFER AID TO COUNTRY

The firm of J. P. Morgan & Co. have tendered their services to the Government, stating especially that they are willing to turn the experience gained through more than two years of purchasing for the Allies to the advantage of this country. The firm has urged the Government to buy throughout the remainder of the war all of its own supplies along with those needed by the Allies.

NEW OFFICER FOR MERCANTILE BANK OF THE AMERICAS, INC.

Joseph A. Seaborg, who recently left the Bankers Trust Company to go with the Mercantile Bank of the Americas, was elected an assistant treasurer of that institution by the board of directors on Thursday, April 26.

Mr. Seaborg is president of New York Chapter of the American Institute of Banking, the educational section of the American Bankers Association. He is greatly interested in educational work for bank men and has done much toward bringing the standard of the New York Chapter's educational program to its present high degree of efficiency.

Mr. Seaborg was recently nominated by New York Chapter as a candidate for membership of the Executive Council of the A. I. B.

THE APRIL "METTCO METEOR"

The April number of the Mettco Meteor, published by the employees of the Metropolitan Trust Company of the City of New York, contains a very interesting article on "Akron, Ohio, the Rubber City," by I. G. Jennings. Mr. Jennings also has an article in the May number of "Scribner's Magazine," entitled "America's Opportunity and the Young Man."

H. F. BACHMAN & CO. ANNOUNCE REMOVAL OF OFFICE

H. F. Bachman & Co., New York, have announced the appointment of Henry M. Peers as a member of the firm. On April 28 the offices of this firm were removed to the fourth floor of the Adams Express building. 61 Broadway, New York.

BANKS CLEARING THROUGH THE FEDERAL RESERVE BANK OF NEW YORK

The Federal Reserve Bank of New York is now settling balances at the New York Clearing House for the following banks:

Merchants National Bank, Chemical National Bank, Atlantic National Bank. National Butchers and Drovers Bank, American Exchange National Bank, Market and Fulton National Bank. Corn Exchange Bank, East River National Bank. Irving National Bank, Seaboard National Bank. Liberty National Bank, Coal and Iron National Bank, Union Exchange National Bank, Nassau National Bank of Brooklyn. Broadway Trust Company.

IMPORTANT BANK CHANGE IN HERKIMER COUNTY, NEW YORK

The most important financial event which has taken place in Herkimer County, New York, in many years will occur, when the National Herkimer County Bank of Little Falls goes into liquidation, to be succeeded by the Herkimer County Trust Company. The National Herkimer County Bank was founded in 1833 and operated as a state institution under the name of the Herkimer County Bank until the passage of the National Bank Act. In 1865 the Herkimer County Bank was liquidated, being succeeded by the Herkimer

The Liberty National Bank of New York has been distributing this very attractive presentation of the words of the National Anthem. This is a good example of the way banks throughout the country are helping to arouse public patriotism

County National Bank. In 1878 the bank again liquidated, the title being changed to the National Herkimer County Bank.

The new institution will open for business in new quarters and with complete new equipment, designed to care more efficiently for its rapidly increasing business. The new company's statement will show capital $350,000, surplus $350,000 and deposits of over $2,000,000. The officers are as follows: President, J. J. Gilbert; vice-presidents, R. S. Whitman and Tom J. Zoller; secretary, H. C. Miller; treasurer, L. M. Graves; assistant secretary, J. W. Sherman.

COMMENTS ON U. S. LOANS

William A. Law, president of the First National Bank of Philadelphia, commenting on the government loan, states that this loan will be placed with the people rather than with the banks except for several short term items and that any money needed by the government will come as soon as it is wanted. As far as the loans unsettling the investment situation Mr. Law points out the fact that the recent success of the Pennsylvania Railroad loan, together with the excellent price obtained by the State of New York for $25,000,000 four per cent. loan, refutes this statement.

BANK TEAM WINS CHAMPIONSHIP

The bowling team of the Franklin National Bank of Philadelphia, Pennsylvania, won the championship in the Bank League bowling contest, having won forty out of sixty-three games. The closest competitor of the bank was

WALKER SCOTT
Vice-President Virginia Trust Co., Richmond, Va.

Mr. Scott was formerly cashier of the Planters Bank of Farmville, Va. Since 1911 he has been secretary of the Virginia Bankers Association.

the Pennsylvania Company's team, which won four less games.

STATEMENT OF CORN EXCHANGE BANK

At the close of business April 5 the Corn Exchange National Bank of Philadelphia showed deposits of $42,146,000; loans and investments were $30,578,000 and there was due from banks $6,228,000. Exchanges for clearing house were $1,546,000, and cash and reserves amounted to $7,621,000.

BANK MAKES LIBERAL OFFER TO EMPLOYEES

The board of directors of the Philadelphia Trust Co., Philadelphia, Pennsylvania, at a recent meeting voted to continue the company's policy of carrying at full pay any of its employees who may respond to a call for the defense of the United States.

Positions of equal pay are assured each employee who is called into active service, each of whom also retains the benefit of the company's pension plan. The company further agrees that it will pay one year's salary to the dependents of any employee who loses his life in the service, thus giving those who enlist the same benefits which the group insurance plan maintained by the company extends to those who remain at home in their usual duties.

DEPOSITS INCORRECTLY QUOTED

On page 460 of the April number of THE BANKERS MAGAZINE in an article entitled "Philadelphia as a Banking and Financial Centre," the deposits of the First National Bank of Philadelphia as of December 27, 1916, were incorrectly listed as $17,206,237. These figures should be changed to read $35,208,577.50, the correct amount for that date.

NEW ASSISTANT CASHIER FOR EIGHTH NATIONAL BANK OF PHILADELPHIA

William A. Nickert's election as assistant cashier of the Eighth National Bank of Philadelphia, is a well-merited recognition of his long and faithful service with the bank.

This is also striking evidence of the value of work in the American Institute of Banking, as Mr. Nickert has been an active member of the Philadelphia Chapter since 1909. After taking up the educational work and obtaining an Institute certificate, he was elected a member of the board of governors, which office he still holds. He was elected president of the Chapter in 1912 and re-elected in 1913. His efficient work left an imprint on the Chapter through the organization of the consulate and his untiring efforts in promoting the ideals of the organization. This influence has extended to the Institute through his active participation in the annual conventions, and in 1916 he was elected a member of the executive council of the national body. This afforded opportunity for further service and he

soon presented to the Pennsylvania Bankers Association the advantages of the correspondence work of the Institute for country bank men, with the result that at his suggestion the Pennsylvania Bankers Association is now actively supporting a systematic campaign of banking education in connection with the Correspondence Chapter, and in addition a Chapter has been organized at Lancaster, Pa., and the organization of several other chapters is contemplated.

WILLIAM A. NICKERT
Assistant Cashier Eighth National Bank
Philadelphia, Pa.

CHARLES E. SCOTT CELEBRATES FIFTY YEARS OF BANKING SERVICE

The completion of fifty years' consecutive and faithful service in the Farmers National Bank of Bucks County, at Bristol, Pennsylvania, by the cashier, Charles E. Scott, was commemorated by a dinner tendered him by the directors of the bank, held at the Union League, Philadelphia, on March 15, 1917, to which all officers of financial institutions in Bucks County; the officers of Group 2, Pennsylvania Bankers Association, of which Mr. Scott is chairman; Samuel A. Welldon, cashier of the First National Bank, New York, and several of the officers of Philadelphia banks, together with the presiding judge of the Bucks County courts and the congressman and state senator from that district were invited, and all attended.

The dinner was served in the private dining room reserved for prominent guests of the League, and was in all respects a magnificent testimonial to the ability and fidelity of the honored guest.

Mr. Scott's relation of interesting and amusing incidents occurring during his connection with the bank, especially those of forty to fifty years ago, before some of those present were born, was intensely interesting as presenting features of the banking business unknown

CHARLES E. SCOTT
Cashier Farmers National Bank of Bucks Co.
Bristol, Pa.

to present day bankers, and were eagerly listened to by the guests.

A number of addresses were made by the officials of other banks, all attesting to the esteem in which Mr. Scott was held by them, both personally and as a thoroughly efficient bank officer.

Mr. Scott has also been cashier of the bank for thirty-five years, during which time sixteen per cent. per annum has been paid in dividends, and the surplus and undivided profits increased from $80,000 to $336,000.

The bank celebrated its own centennial January 12, 1915.

INTERESTING NUMBER OF "THE ADVANCE"

The last number of "The Advance," which is the publication of the Corn Exchange National Bank of Philadelphia, devoted to discussions of business and financial topics, contains an excellent article, number three in the series, on what the Government is doing for business. In part the article says that a good business concern is good, largely because it holds on to its good men—its executives—those who are responsible for the success of the business. The Department of Commerce should be free from political patronage. It is strictly a business proposition and should be treated as such. The chief of the Bureau of Foreign and Domestic Commerce should have a life position, held on merit only. In no business department of the Government service will there be one hundred per cent. of results accomplished without the application of the same business principles and methods which are responsible for success in private enterprise.

NEW QUARTERS FOR FRANKLIN NATIONAL

Recently the Franklin National Bank of Philadelphia opened for business in its new quarters on Chestnut street west of Broad. The main banking room is 50 feet wide and 120 feet long and has a beautifully coffered ceiling and skylight, the crown of which is sixty-

eight feet above the floor. The vault, located in the basement, is 18 by 27 feet and is formed of Harveyized steel possessing all modern protective devices. In the office building located on the Sanson street end there are above the banking rooms fifteen stories of offices. Above the offices are a kitchen and dining rooms for the bank and on the roof a recreation cage has been provided for the employees.

BEACON TRUST COMPANY'S STRONG POSITION

The Beacon Trust Company of Boston reported March 31, 1917, total deposits of $15,734,634.51, high water mark at that time, though they have since risen to more than $16,000,000. These figures compare with $14,530,240 January 1, 1917; $11,847,300 January 1, 1916, and $9,093,040 January 1, 1911. At the time of the recent statement cash and demand loans stood at over $9,500,000 and the company's surplus and undivided profits were $1,081,886.63, with capital of $600,000.

NEW VICE-PRESIDENT OF SHAWMUT BANK

Robert S. Potter, formerly assistant cashier, has just been elected a vice-president of the National Shawmut Bank of Boston and will have charge of the new business department. Mr. Potter was formerly connected with F. S. Moseley and Co., and came to the bank in 1913.

BOSTON BANK INCREASES CAPITAL

The First National Bank of Boston recently increased its capital to $7,500,000 and the surplus to $15,000,000. This will make a combined capital and surplus and undivided profts of $25,800,000. The bank has deposits of $125,000,000.

ROBERT S. POTTER
Vice-President National Shawmut Bank
Boston, Mass.

DROPS BANK POSITION TO SERVE IN ARMY

Benjamin Joy has resigned as vice-president and cashier of the National Shawmut Bank, because of liability for military service in the officers' reserve corps.

Commenting upon Mr. Joy's action the "Boston Herald" stated editorially:

"It is of no small significance that Mr. Benjamin Joy, the vice-president and cashier of the National Shawmut Bank, one of the largest financial institutions in the country, should resign the important post to which he has risen by painstaking and conscientious effort in order to become a member of the officers' reserve corps, the resignation to take effect next Monday. When young men of his caliber and standing lay aside work to which they are wholly committed in order to put themselves at the service of the nation, no one can longer doubt that America's cause in this war is one that appeals to the nation's heart and conscience. Nor is his case wholly exceptional; other earnest young men, similarly situated, are likely to make an equally courageous decision. What better guarantee in a crisis like this could we as a nation give to the world of the worthiness of our purposes than by pointing to the self-sacrifice of men like 'Ben Joy'?"

CONSOLIDATED NEW HAVEN BANKS TO HAVE NEW QUARTERS

Work of remodeling the present quarters of the First National Bank of New Haven, as well as on the new addition to be erected by Hoggson Brothers to serve the purposes of the consolidated First and Yale National institution on Crown street, is progressing rapidly. The new home will be a splendid example of modern bank architecture and will be equipped with all devices and appliances that make for efficiency and convenience.

The architecture of the new structure will follow that of the lower portion of the present First National Bank building. The entire front will be rock

In the lobby of the First National Bank of Boston the visitor is confronted with this very interesting exhibit of standard wools, Boston's greatest product. The collection is very complete being made up of specimens from some of the finest collections in the world

granite trimmed with dressed granite. The lower windows will be protected with bronze grilles.

The banking room is designed in the renaissance period, with massive columns, pilasters and heavily ornamented beamed and panelled ceilings. The counterscreen will be of marble and bronze, having a Botticino die and Famosa marble base and counter ledge supporting the beautifully designed bronze screen with plate glass panels pierced by the tellers' wickets, which are designed with elliptical and telescopic grille. The walls of the public space will be decorated to harmonize with the marble railing to the same height as the counterscreen itself, and the floor will be of gray Tennessee block marble. A room will be fitted up in soft gray enamel for the exclusive use of women patrons. The directors' room will be trimmed and furnished in rich mahogany, while the remaining rooms will be finished in oak.

The officers of the First National Bank are Thomas Hooker, president; P. N. Welch, vice-president; Fred B. Bunnell, cashier; F. L. Trowbridge, assistant cashier.

ORANGE BANK MOVES TO REMODELLED QUARTERS

The Orange National Bank, Orange, New Jersey, moved lately into its newly refitted offices. The remodelling of the building and the equipping of the banking room were done by Hoggson Brothers, the New York builders.

A new exterior iron and glass entrance vestibule with ornamental iron marquise has been added and the woodwork in the vestibule has been refinished in light color. The limestone strings and wainscoting have been dressed off to a smooth finish.

The officers' private room is just off the entrance on the right hand side of the banking room. The officers' space adjoins, separated from the public lobby by a low rail. Spaces are provided in the rear for paying tellers, passbook and collections and receiving teller. The bookkeepers' wickets are at the extreme rear of the building. The fund vault is back of the tellers' cages. The directors' room is at the rear of the building in connection with the working space. Plans are under way for a women's department, handsomely fitted up with all comforts and conveniences.

The Orange National Bank was organized in 1828, and has had a steady and substantial growth. Its present officers are John D. Everitt, president; George Spottiswoode, and Charles M. Decker, vice-presidents; Henry L. Holmes, cashier, and Charles Hasler, assistant cashier.

BANK CLEARINGS IN RICHMOND

Showing an increase of more than $1,000,000 a day in clearings of the Richmond Clearing House Association for the first eighteen days in April over the corresponding dates last year, a statement has been issued by the association. During the first eighteen days in April, 1917, the total clearings of the Richmond banks amounted to $56,236,630, and for the corresponding dates last year $30,668,140, showing an increase of $19,568,490.

The above represents only the clearings of the Richmond banks proper and does not include the clearings of the Richmond Country Clearing Association.

The eminently satisfactory report of the Clearing House Association is indicative of the excellent business conditions that obtain in Richmond and in that section of the country. From all lines of business endeavor fine reports are made.

FEDERAL RESERVE BANK REDISCOUNTS IN THE RICHMOND DISTRICT

For the first half of the month of April rediscounts of the Federal Re-

serve Bank of Richmond amounted to $5,845,117, which was $2,436,000 in excess of the corresponding dates in March.

The rediscounts of the bank for the first quarter in 1917 is far in excess of any similar period in the history of the bank and indicates the usefulness of the big federal institution.

RECOMMENDS PUTTING RICHMOND CRIMINALS TO WORK

That jailbirds now idling at the expense of the city and state should be put to work cultivating vacant lots is the opinion of Oliver J. Sands, president of the American National Bank of Richmond. Mr. Sands says the city is facing a food and a labor famine and thinks the prisoners in the jails might be used to great advantage in working the soil instead of being kept at the expense of the community. Mr. Sands thinks if the aliens at Ellis Island can be worked those who are kept at the expense of the city should be made to work.

RICHMOND BANKERS APPROVE PRESIDENT'S MESSAGE

A hearty approval of President Wilson's war message to Congress has been given by the bankers of Richmond, Virginia. John M. Miller, Jr., president of the First National Bank, states that the message should satisfy every self-respecting American citizen. Oliver J. Sands, president of the American National Bank, states that it should inspire our people with greater patriotism and those living under despotic rulers with a longing for freedom.

TO BE ELECTED PRESIDENT VIRGINIA BANKERS ASSOCIATION

W. Meade Addison, vice-president of the First National Bank of Richmond, and vice-president of the Virginia Bankers Association, will be elected president of the organization at the annual meeting in June next.

In accordance with the custom of the association to give the vice-presidency to one of the groups in which the state

is divided, the honor this year falls to group 4 and it is understood that Garland E. Vaughan, president of the National Bank of Lynchburg, is being endorsed for the position.

The annual meeting of the Virginia Bankers Association will be held June 21-23 in the Chamerlin Hotel, Old Point Comfort. An elaborate program is being arranged for the occasion and Walker Scott, secretary, advises that it will be filled with enlightenment, entertainment and good-fellowship.

DEATH OF WILLIAM A. PRICE

William A. Price, who for nearly twenty years was connected with the First National Bank, Richmond, Virginia, died April 9. In financial circles Mr. Price was prominent, participating in the organization of the former Security Bank and other enterprises. Several years ago, due to failing health, he was forced to retire from active business.

RICHMOND BANK HANDLES WAR BONDS FREE

The First National Bank of Richmond, Virginia, has announced that it will handle war bonds in popular denominations free of commission. In taking this step the bank is guided by its desire to help in any possible way and so decided to handle the bonds without cost to the purchcaser.

GEORGIA BANKERS' ANNUAL CONVENTION

The twenty-sixth annual convention of the Georgia Bankers Association is to be held at Columbus, Ga., on May 2, 3 and 4. A feature of the convention will be a round table discussion of and for the county bankers of Georgia. The following topics are to be discussed: collection of checks, payment of interest on deposits, legal rate of interest in Georgia, benefits of county clearing houses. There is also to be an address on "Federal Farm Loans" by F. J. H. von Engelken, president of the Federal Farm Land Bank of Columbia, S. C.

FROM RUNNER TO PRESIDENT

At a recent meeting of the board of directors of the National Bank of Petersburg, Petersburg, Virginia, B. B. Jones, for the past ten years cashier of the bank, was elected president, and N. P. Catling, vice-president of the Chatham and Phenix National Bank of New York, was elected a member of the board of directors.

Mr. Jones began his career as runner for the bank at the time of its organization in the early '80's, and has worked himself up through the various positions to that of president. He is one of the most popular bankers in Virginia and a prominent factor in the activities of his native city.

Mr. Catling is from Virginia, having for many years prominently associated with the banking interests of the state, serving as secretary of the Virginia Bankers Association, and his election to the board of the National Bank of Petersburg is in the nature of a compliment from the city of his boyhood.

NASHVILLE BANK LETTER

The last business letter of the American National Bank of Nashville, Tennessee, points out the fact that there were 1,599 oil wells completed during February compared with 1,434 completed in January, and the new production of oil for the month totaled 105 thousand barrels, compared with 94 thousand barrels in January. On February 28 there were 1,033 rigs up and 3,279 wells drilling, the total of 4,312 comparing with 3,893 on January 31. Oil production fell off somewhat during February, receipts of oil by the various pipe-line companies during the month totaling 10,932 thousand barrels compared with 12,159 thousand barrels in January and 10,227 thousand barrels in February, 1916. Stocks of crude oil held in storage by the pipe-lines on February 28 aggregated 94,830 thousand barrels compared with 95,168 thousand barrels a month before and 94,507 thousand barrels two months before.

CONVENTION OF FLORIDA BANKERS ASSOCIATION

The twenty-fourth annual convention of the Florida Bankers Association was held at St. Augustine April 6 and 7, 1917. A feature of the convention was the annual banquet held at the Hotel Alcazar, at which Hon. W. A. MacWilliams of St. Augustine acted as toastmaster. Another feature was an address by Hon. M. B. Wellborn, chairman of the board, Federal Reserve Bank, Atlanta, Ga., who spoke on "State banks becoming members of the System." An unusually lavish and enjoyable program of entertainment was provided.

NEW DIRECTOR FOR MERCHANTS LOAN AND TRUST COMPANY

Hale Holden, president of the Chicago, Burlington and Quincy Railroad Company, has been elected a member of the board of directors of the Merchants Loan and Trust Company of Chicago.

The complete personnel of the board is now as follows: Frank H. Armstrong, president Reid Murdoch and Company; Clarence A. Burley, attorney and capitalist; Henry P. Crowell, president Quaker Oats Company; Hale Holden, president Chicago, Burlington and Quincy Railroad Company; Marvin Hughitt, chairman Chicago and Northwestern Railway Company; Edmund D. Hulbert, president; Chauncey Keep, trustee Marshall Field Estate; Cyrus H. McCormick, president International Harvester Company; Seymour Morris, trustee L. Z. Leiter Estate; John S. Runnells, president Pullman Company; Edward L. Ryerson, chairman Joseph T. Ryerson and Son; John G. Shedd, president Marshall Field and Company; Orson Smith, chairman; Albert A. Sprague II, president Sprague, Warner and Company; Homer A. Stillwell, president Butler Brothers; Moses J. Wentworth, capitalist.

BANK GIVES MASQUERADE DANCE

The National Bank of the Republic of Chicago recently gave a masquerade

dance to its one hundred and thirty officers and employees. The lobby of the bank, which is one hundred and twenty-five feet long, was decorated with flags, streamers and lanterns, and the many excellent costumes worn by the dancers made a striking picture. Each year the bank gives this masquerade in which all participate with equal pleasure.

CENTRAL MANUFACTURING DISTRICT BANK SHOWS DEPOSIT GROWTH

The Central Manufacturing District Bank of Chicago, Ill., in its statement of condition at the commencement of business, May 2, 1917, shows deposits of $2,103,598.95. On May 2, 1915, deposits were $1,530,761.49, and May 2, 1913, they were $733,440.70. From these figures it will be seen that deposits of this bank have increased nearly a million and a half during the past four years. Present resources are $2,474,253.97.

JOHN JAY ABBOTT IN CHINA

John Jay Abbott, vice-president of the Continental and Commercial Trust Company of Chicago, has gone to China in connection with the proposed new loan of $25,000,000.

BANKERS COMMENT ON WAR FINANCE

Chicago bankers in commenting on war finance in the United States have expressed the sentiment that President Wilson's message to Congress is beyond praise and that the American people are equal to any emergency. E. D. Hulbert, president of the Merchants Loan and Trust Company, does not feel that in the borrowing of money to finance the war there is danger of inflation. The opinion is expressed by Mr. Frank O. Wetmore, president of the First National Bank, that a large part of the expense of the war will have to be borne by the present generation and that the

greater part of this expense will be met by taxation.

CHANGE IN UNION TRUST COMPANY

An interesting and rather significant item of news developed recently in the announcement by the Union Trust Company of Chicago that in greatly enlarging its present banking rooms it would devote a part of the new space to its bond department, which would step out into the field of original underwritings on a much larger scale than before and that Frederick A. Yard, formerly president of Yard, Otis & Taylor, had disposed of his interest in that company to Mr. Taylor and would at once join the Union Trust organization as a vice-president with special supervision of the bond department.

Mr. Yard is exceptionally well fitted to undertake this task through his long experience as an underwriter and dealer in bonds. He has been active in the investment market of Chicago since 1904 and has been the head of the former company since 1911. By joining the Union Trust organization he brings to the bond department a fund of energy and experience and an excellent record for successful operations in both the field of buying and selling securities.

It is expected that the Union Trust Company will, in the future, assist materially in increasing the importance of Chicago as a bond market and that the business of the bank in this department will show the same substantial increase that has been witnessed in other departments in the past few years.

FORT DEARBORN NATIONAL INCREASES CAPITAL

Two important milestones in the thirty years' history of the Fort Dearborn National Bank of Chicago have been reached: An increase in the capital from $2,000,000 to $3,000,000, and the passing of the $50,000,000 point in the total resources. Including the affiliated Fort Dearborn Trust and Savings Bank, the aggregated resources are nearly $60,000,000, representing substantially an average addition of $2,-000,000 yearly.

The Fort Dearborn National was organized in 1887, and the figures given show that it has been remarkably successful. Its management has from the first been wisely progressive, and the reputation created in the earlier years has steadily grown and become well established. Its officers are men of wide experience, familiar with the banking needs of all lines of trade and industry, having an extensive acquaintance, and keenly alert to the progress and prosperity of their bank. The Fort Dearborn National Bank and the Fort Dearborn Trust and Savings comprise in their organization and equipment a wide range of banking facilities, affording complete banking service, while the building occupied is a notably fine one, even in a city possessing so many notable bank buildings as does Chicago.

Not only does the Fort Dearborn National adequately supply a large share of the banking requirements of its immediate community, but it has as well a very large number of banking correspondents in an extensive area of surrounding territory.

JAMES B. FORGAN RECUPERATING

James B. Forgan, chairman of the board of the First National Bank, has returned to Chicago after a serious illness. For some time Mr. Forgan has been at Nashville, North Carolina, recuperating, having been taken ill at Winter Park, Florida. His condition is reported as much improved.

CHICAGO BANK COMMENTS ON CROPS

The National Bank of the Republic, of Chicago, Illinois, in its April review of business warns the people that the crop outlook is not very favorable. This condition of affairs has been brought about the bank believes because of the small acreage, scarcity of fertilizer, the small and costly supply of labor, and general climatic conditions. The bank estimates from the consensus of opinion that our crop of winter sown wheat is somewhere around five hundred and seventy-five million bushels. But with the countries of the world relying on the United States and Canada for large portions of their supplies and the probable spring wheat acreage in Canada smaller than usual the prospect is not altogether rosy.

SECURITY SITUATION COMMENTED ON BY THE NATIONAL CITY BANK OF CHICAGO

In its last financial letter the National City Bank of Chicago, Illinois, commenting on the security situation in the country states that one of the most suggestive phenomena of the entire war period has been the recent rise in security prices at a time when the air was full of war rumors. Probably never before has such a demonstration of

strength been witnessed under conditions which might easily have provoked immense liquidation. Prevailing strength of security prices has testified to the inherent strength of basic conditions and the well liquidated position of the market. High-grade securities have advanced steadily on the showing of earnings and public belief that war would bring increased business and relieve an unsettlement which, if anything, was worse than an announcement that hostilities had been declared. No one a year ago would have supposed that such a show of strength was possible in a market which had to discount so many unfavorable developments. But the fact is that the good news has largely offset the bad news.

CHICAGO BANK OFFERS SERVICES

The National City Bank of Chicago has extended its services to those wishing to subscribe to the Government loan. The bank offers to supply information to those who register as soon as it is sent out from Washington.

CHANGES IN FIRST NATIONAL BANK

The First National Bank, of Cleveland, Ohio, has announced the election as assistant cashiers, of John G. Armstrong and Thomas J. Champion. Mr. Armstrong began his banking career twenty-one years ago as messenger for the Park National Bank, and during the past few years he has filled the position of auditor for the First National Bank. Mr. Champion has been with this institution for twenty years, for some time serving as chief clerk. In recognition of the long and efficient services of these men, the board of directors has added them to the list of officers.

CLEVELAND VS. PITTSBURGH

An interesting rivalry that has existed between Cleveland and Pittsburgh for many years recently took an amusing turn. The First National Bank of Cleveland has been exhibiting figures in its windows indicating the growth of the "Sixth City." Recently it gave comparisons between Cleveland, Boston, St. Louis, Pittsburgh, Baltimore and Detroit; the statistics showing Cleveland's standing to a decided advantage. Protests were made by a number of citizens of Pittsburgh, which led to the publication by the First National Bank of the following figures taken from the census of manufacturers of 1914—the most recent industrial census:

	Number of Factories.	Capital Invested.
Pittsburgh	1,741	$309,217,000
Cleveland	2,346	311,504,000
	Persons Engaged in Manufactures.	Value of Product
Pittsburgh	83,389	$246,694,000
Cleveland	122,934	346,647,000

In concluding its comparison, the First National of Cleveland states, "The Government census is the best authority we know."

HOLDS POSITION OPEN FOR RECRUIT

Thomas A. Pointeck, bookkeeper of the Mississippi Valley Trust Company, St. Louis, Missouri, has the honor of being the first bank clerk in St. Louis to enlist after war was declared. His position at the bank will be retained for him during enlistment.

ST. LOUIS BANK AIDS RECRUITS

The Mississippi Valley Trust Company has offered its services free of charge to all men and women in the United States army or navy, or the American Red Cross, who have enlisted to defend the country. The bank offers to store valuable papers and preserve wills or any other legal documents and serve as executor and trustee for estates of enlisted men and women without charge. The bank also offers to look after real estate investments for men called into the service.

ST. LOUIS UNION BANK ADMITTED TO THE FEDERAL RESERVE SYSTEM

One of the most interesting developments in the banking news of the month is the announcement that the St. Louis

Union Bank, one of the largest state banks in the United States, has been admitted to membership in the Federal Reserve System.

In its statement of condition as of March 5, 1917, this bank showed total resources of $44,704,546.08 and deposits of $39,428,889.17. It has a capital and surplus of $5,000,000.

REMARKABLE PROGRESS OF LIVE STOCK NATIONAL BANK

The Live Stock National Bank of Omaha, Nebraska, as evidenced by the call of the Comptroller of the Currency for the statements of banks as of March 5, 1917, is the only bank in the United States that has doubled its deposits and business during the year ending that date. This call of the Comptroller took into account all banks of the five million dollar class and upwards and the fact that the Live Stock National Bank made this excellent record gives ample proof of the prosperity of the central west. The bank has total resources of $8,042,769.20 and a capital stock of $400,000, and a surplus of $100,000. Its deposits are $7,269,793.46. The officers of the bank are: L. M. Lord, president; W. A. C. Johnson, vice-president; F. W. Thomas, cashier, and Alvin Johnson, C. F. Anderson and R. E. Baker, assistant cashiers.

NEW BANK BUILDING COMPLETED

The new eight-story bank and office building of the People's National Bank, Jackson, Michigan, was opened recently for business. Hoggson Brothers, the builders, followed in design an adaptation of the Ionic style in French renaissance architecture, combining beauty as well as strength, dignity and character in its simple lines. The building has a low granite base and terra cotta up to the second story level, with a rough surface buff colored brick above, extending to the cornice. The banking quarters are most modern in design, construction, equipment and decoration, beautifully finished in rich mahogany,

marble and bronze. The People's National Bank will occupy the first and the mezzanine floors of the new building as well as the basement. The seven upper floors are given over to offices, well equipped with all modern appliances and finished in dull gumwood. All offices are outside rooms and have splendid natural light. The structure is considered Jackson's finest commercial edifice. It was designed, constructed, equipped and furnished throughout by Hoggson Brothers, builders of New York and Chicago, under their single contract method.

The People's National Bank was incorporated in 1865 and its history is one of remarkable and steady growth since its organization. The officers are B. M. DeLamater, president; John O'Brien and H. S. Reynolds, vice-presidents; F. H. Helmer, cashier; J. F. Clark and C. H. Edgar, assistant cashiers.

IMPORTANT BANK CONSOLIDATION AT FORT WAYNE

A consolidation has been brought about between the First National Bank and the Hamilton National Bank of Fort Wayne, Ind., under the title of the First and Hamilton National Bank, with a capitalization of $900,000 and resources of over $10,000,000.

The First National Bank was the first national bank chartered in Indiana, and the eleventh in the United States. The Hamilton National Bank was also a very old institution, having been founded by Hon. Hugh McCulloch, the first Comptroller of the Currency, and twice Secretary of the Treasury. His son, Hon. Charles McCulloch, was president of the Hamilton National Bank, but retired from active banking when the consolidation went into effect.

The officers of the First and Hamilton National Bank are: Chairman of board, John H. Bass; president, Charles H. Worden; vice-president, H. A. Keplinger, Frank H. Poole and J. Ross McCulloch; cashier, Henry R. Freeman. Other officers will be chosen from the official force of the two banks.

Mr. Charles H. Worden, formerly vice-president and more recently president of the First National Bank, thus becomes the head of the largest bank in Fort Wayne. He has been honored by election to the presidency of the Indiana State Bankers Association and is recognized as one of the leading bankers of the Central West. Under his management the First National Bank has had a remarkably successful growth, deposits having increased from about $700,000 in 1902 to about $6,000,000 at the time of the merger of the two banks. It is reasonable to expect that with the added prestige gained from the consolidation the future growth will be even more rapid.

By joining these two large and well-established banks, Fort Wayne is assured of a financial institution capable of affording adequate banking service to the business interests of the city and community.

FORMAL OPENING OF MICHIGAN CITY BANK

The Michigan City Trust and Savings Bank, Michigan City, Ind., opened recently its handsome new individual banking building for business.

The new structure is a simple and dignified adaptation of classic architecture, the exterior walls being of dark red brick and buff Indiana limestone set on a granite plinth.

The interior is of a quiet and modest finish in keeping with the simple dignity of the building itself and with the

requirements of modern banking methods. The counterscreen is fashioned of rare Botticino marble with a base of dark Formosa extending from the front vestibule to a depth of thirty-one feet to the eastward. To the right of the main entrance is the directors' room, which is also used as a consultation room, the space for the officers being in the rear of this. A most charming room is that assigned for the use of the women patrons, with a tastefully furnished dressing room adjoining containing all comforts.

The safe deposit and book vaults are in the rear of the building, another large storage vault being installed in the basement.

The structure was designed, built, decorated and furnished by Hoggson Brothers, the New York and Chicago builders, under their single contract plan.

The Michigan City Trust and Savings Bank was organized in 1903, and its growth has been steady and continuous. The officers are: G. T. Vail, president; R. P. Zorn, first vice-president; A. J. Henry, second vice-president; D. A. Gutzell, secretary and treasurer.

MINNEAPOLIS BANK LETTER

Of great interest to all Northwestern bankers, says the Northwestern National Bank of Minneapolis, in its recent business and financial letter, has been the North Dakota bill providing for a guaranty of bank deposits, signed by the governor of that state on March 12, the law to become effective on July 1, 1917. A measure of the same general purport, though differing in some important items, has been introduced in the Minnesota legislature, and is now under consideration by the House Committee on Banks and Banking. It is expected to meet considerable opposition. The measure is based upon the South Dakota statute, which provides that membership to the system shall be compulsory with all banks under state supervision. The two Dakotas are the only states in the Ninth Federal Reserve District now having laws guaranteeing deposits. The Washington and Kansas statutes differ radically from those of the Dakotas in that membership is optional.

NEW BANK BUILDING FOR GREEN BAY

The Citizens National Bank, Green Bay, Wis., opened recently for business in its handsome new building. The structure was designed, constructed and equipped throughout by Hoggson Brothers, builders, of Chicago and New York. The architectural design, an adaptation of the Roman type, gives an impressive appearance.

The building has a base of Kettle River stone of light salmon color, treated in large blocks, to give the necessary substantial and vigorous treatment. The body of the structure is a rich golden brown brick. It is one of the most striking architectural banking edifices in the State.

The walls of the banking room are treated in imitation of French Caen

stone. The counter screen has a light Formosa marble base, and the upper portion is of Tavernelle Fleuri. The wickets are of bronze and furnished with special black Carrara glass deal plates. The commercial part of the bank occupies one entire side and end of the banking room; the other side is devoted to the savings department, Christmas club, etc.

The Citizens National Bank was incorporated in 1888, and its record has been one of substantial and consistent growth. The present officers are: W. P. Wagner, president; George D. Nau and H. S. Eldred, vice-presidents; H. P. Klaus, cashier; R. W. Smith, assistant cashier.

SAN FRANCISCO BANK LETTER

In its last optimistic business letter the Anglo and London Paris National Bank of San Francisco assures us that the United States never fails to produce food stuffs and cotton in excess of our requirements and will not fail to do so this year. Considering, however, world requirements and world production, the outlook is not satisfactory. The world's surplus within reach of transportation facilities will have nearly disappeared by harvest time. An exportable surplus of moderate size has been expected from the Southern hemisphere, but the embargo on grain decreed by the Argentine government just at the close of harvest has an ominous look. In no large area of the world is the condition of winter grain reported satisfactory, although a very favorable spring and summer sometimes brings good harvests from an unpromising spring outlook. The withdrawal of all able-bodied men from European agriculture, the devastation of large districts, the scarcity of fertilizers and transportation difficulties, makes the outlook for Europe very serious. The war seems as likely to be ended by starvation of the belligerents as by the victory of either in the field. The real condition of winter grain in this country will not be known for some weeks. Spring seeding of all crops will be as large as the labor supply will permit. In California one more rain is needed

to assure a good grain crop in most of the state. There is, however, sufficient snow in the mountains to provide ample irrigation water. Some damage to early blossoming fruits has been reported, resulting from the long continued cold weather and many frosts, but no forecast of any value can yet be made of any California crop. The acreage sown to grain was large and the largest area possible will be planted to all summer growing crops.

REPORT FAIR CROP PROSPECTS FOR CALIFORNIA

According to the last business letter of the American National Bank of San Francisco, Cal., timely and well distributed rains in all parts of California have lightened the hearts of the agriculturists and stock raisers, and prepared the soil for the largest crop planting in the history of the State. Up to February 15, the outlook was more than discouraging. In some sections so little rain had fallen that pastures were bare and the soil too dry to warrant plowing; stockmen were feeding hay at bankruptcy prices, and dairymen were preparing to dispose of their herds. At the present time the prospects for the coming growing season are nearly up to normal, with enough of the rainy season still ahead to warrant a fair feeling of security.

FIFTIETH ANNIVERSARY OF SACRAMENTO BANK

On the 19th of March was celebrated the fiftieth anniversary of the Sacramento Bank, which is the oldest savings bank in Northern California. On March 2, 1867, a group of men met in Sacramento to see what could be done to protect the people against the large number of banks which had been formed only to fail after a short existence. The outcome of this meeting was the establishing of the Sacramento Savings Bank, March 19, 1867. The first report of the bank, issued December 31, 1867,

showed total resources of $264,355.65. Loans were $171,780, and deposits received were $245,567.35. In its last statement, March 6, 1917, the bank had deposits of $10,138,947.60, and total resources of $11,615,694.42. The present officers of the bank are: J. M. Henderson, Jr., president; Geo. W. Kramer, cashier; Frank H. Conn, assistant cashier.

SAYS BUSINESS MEN ARE AVOIDING RISKS

That business men are taking care not to overstock with high-priced merchandise is reported in the April business letter of the First National Bank of San Diego, Cal.

This is a natural danger in periods when everything is commanding a record price and the consumptive demand is heavy. But the average business man is proceeding cautiously and avoiding undue risks. He knows that there is a war hazard to deal with, and that almost anything might happen over night. On the other hand, the country is highly prosperous, bank clearings are at or above the volume of last year, and the earning power of the people was never greater. The country is getting on a war footing almost without knowing it. There has been a financial preparedness represented by an earnest effort to strengthen the country's bank position. In this respect, the United States is much stronger than any of the belligerent nations. Our foreign trade fell off $189,272,344 in February, owing to the disturbance of shipping facilities caused by the submarine warfare. The excess of exports over imports in February, however, was $266,946,437, and for eight months the export margin was $2,532,764,364.

CALIFORNIA BANKERS ASSOCIATION CONVENTION

The twenty-third annual convention of the California Bankers Association will be held at Sacramento on Thursday, Friday and Saturday, May 17, 18, 19, 1917.

PROMINENT BANK INCREASES CAPITAL AND CHANGES NAME

At the last regular monthly meeting of the board of directors of the German American Trust and Savings Bank of Los Angeles, the necessary resolutions were adopted authorizing an increase of the capital stock from $1,000,000 to $1,500,000, the amount of the increase to be taken from the surplus fund. At the same meeting it was unanimously voted to change the bank's name to Guaranty Trust and Savings Bank.

The increase in the bank's capital marks another step in the splendid progress of the institution during its twenty-seven years of business activity, and places it in the forefront with the leading banking institutions on the Pacific Coast. It has over $27,000,000 in resources, and more than 60,000 depositors.

The principal reason for the change of name is the misinterpretation which some people have placed upon the words, "German American." As is true with other hyphenated names, some people construed the name literally, even to the extent of believing that the bank was under the supervision or influence of some foreign government. Others interpreted the words in a personal sense to mean that only persons of the nationality indicated by the title were patrons or welcome to the service of the bank. For these reasons, the true character of the bank was not fully understood by strangers and those who did not know the real facts about the bank's management and supervision.

In financial circles in Los Angeles the move to change the bank's name was not a complete surprise, and for this reason attracted but passing interest. The change was at once received with approbation on the part of the bank's depositors as a whole. This was true with all depositors, regardless of nationality or sympathies, because of the fact that they realized that the change of name was just another move on the part of the bank to fortify the interests of its depositors.

While the growth of the bank has been augmented considerably by the patronage of those of German birth or ancestry as well as Americans, the personnel of both the depositors and the management of the bank is so cosmopolitan that it was only in a spirit of fairness to all interested parties that an impersonal name was selected. The new name, "Guaranty," is without limit in its scope, permits of no wrong interpretation, and is admirably suited to the purpose of the bank in its large and growing trust business.

The growth of the bank during the past quarter of a century has been remarkable, even surpassing the rate of increase in the population of Los Angeles. The bank has always been considered one of the most progressive in the country, and a leader in its advertising and publicity work. It was the first bank to use newspaper display ad-

vertising in Los Angeles many years ago, first in the United States to produce and use motion pictures in its publicity work, and first to use window displays and poster advertising.

UNION BANK OF CANADA

An agency of the Union Bank of Canada has been opened at 49 Wall street, New York, under the direction of Messrs. Geo. Wilson and F. T. Short, formerly managers of the Toronto and St. John, N. B., branches respectively.

The bank has been fortunate enough to secure as an advisory board Mr. Stuyvesant Fish, Colonel Cornelius Vanderbilt and Mr. Gilbert Thorne, all of whom occupy a high position in financial circles.

The opening of this agency was a step necessitated by the growth of the bank's business, which has more than quadrupled during the past ten years. It has 310 branches in Canada; also two in London, England. The paid-up capital and reserve of the bank amounts to $8,500,000, and its total assets to $109,000,000.

The head office is in Winnipeg, Manitoba, the general manager being Mr. H. B. Shaw, one of the best known and most widely experienced bankers of Western Canada, with Mr. J. W. Hamilton, formerly superintendent of the eastern branches, as assistant general manager.

The foreign exchange department of the New York Agency is under the direction of Mr. F. L. Appleby.

A statistical department has been established through which information concerning Canada, its business and other resources is available for all applicants.

BANK OF BRITISH NORTH AMERICA

The last report of the Bank of North America in Canada shows net profits for the year 1916 to be $208,000 in excess

of those of 1915. The net profits for the year are, 546,346. The bank has a paid in capital of $4,866,666, and a reserve fund of $3,017,333, and total assets of $67,785,957. A dividend was declared on the last year's business at the rate of seven per cent. and a bonus of $34,000 was given to the staff and $65,000 was apportioned for funds for the benefit of the staff.

BANK OF TORONTO OPENS ANOTHER BRANCH

The Bank of Toronto has opened a branch at Stanmore, Alta., under the management of Mr. James Milmine, formerly on the staff of Youngstown, Alta., branch.

NEW CANADIAN BRANCH BANKS

During March there were twenty-two branches of the Canadian chartered banks and one sub-agency opened and two branches closed. The Merchants' Bank opened three branches in the Province of Ontario, and two in Alberta; Hochelaga, two in Quebec, one in Alberta, and a sub-agency in Manitoba; Nationale, three in Quebec; Commerce, one each in Ontario, Nova Scotia, and British Columbia; Standard, one in Ontario; Northern Crown, one in Saskatchewan; Royal, one in Nova Scotia; Molsons, one each in Ontario and Quebec; Ottawa, one in Ontario, and Provincial, two in Quebec. The Nationale closed two branches in Quebec during the month.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for October 1, 1916

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: Bankers Publishing Co., 253 Broadway, New York; G. T. Lincoln, 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

J. R. DUFFIELD.

Sworn to and subscribed before me this 21st day of March, 1917.

HENRY G. FRITSCHE,
Notary Public.

My Commission expires March 30, 1918.

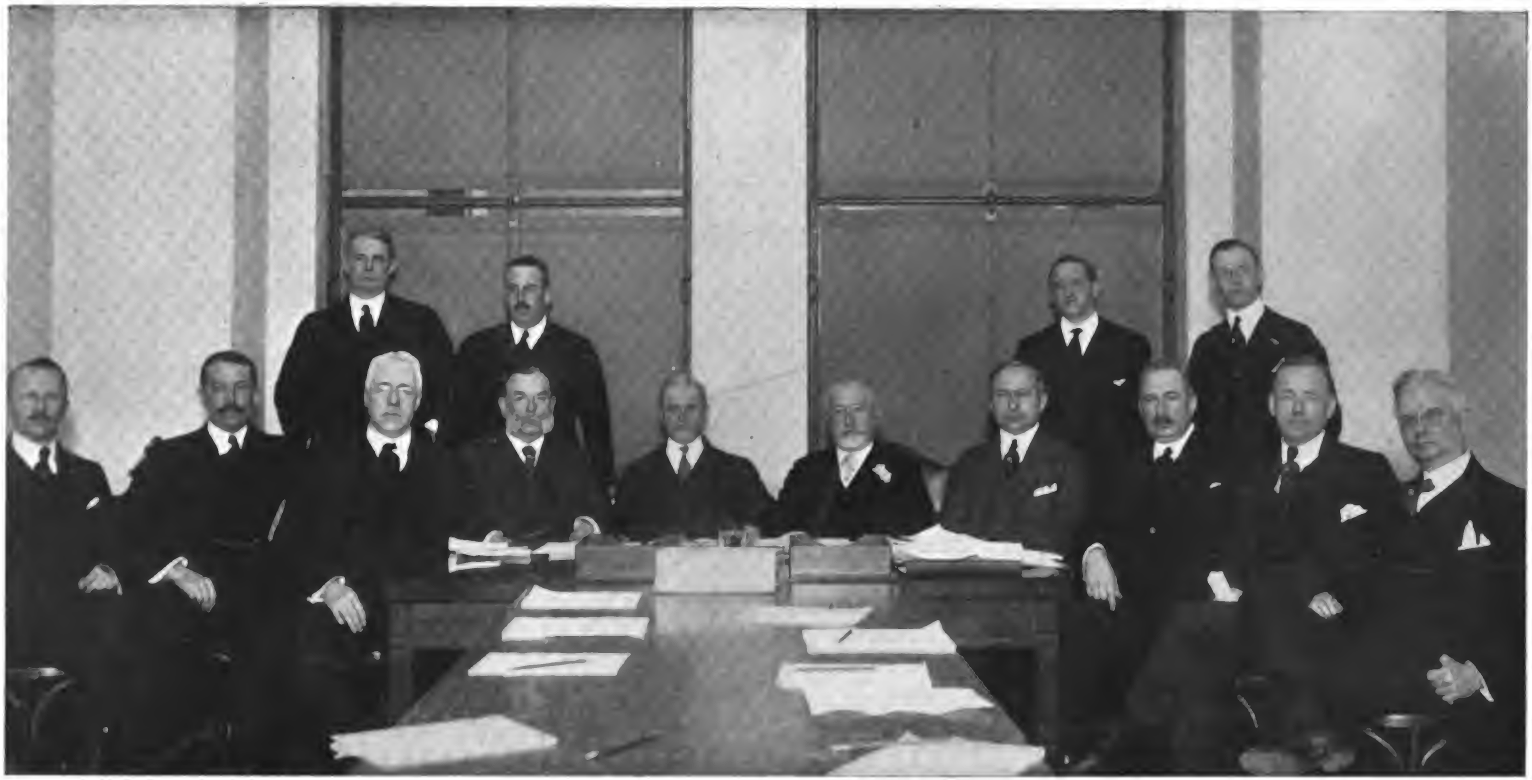


Photo by Central News Photo Service, New York.

LIBERTY LOAN COMMITTEE OF THE FEDERAL RESERVE DISTRICT OF NEW YORK

Left to right, sitting: Charles H. Sabin, President Guaranty Trust Co.; William Woodward, President Hanover National Bank; Frank A. Vanderlip, President National City Bank; George F. Baker, Chairman of the Board, First National Bank; Pierre Jay, Chairman of the Board, Federal Reserve Bank of New York; Jacob H. Schiff, Kuhn, Loeb & Co.; James S. Alexander, President National Bank of Commerce; Gates W. McGarrah, President Mechanics & Metals National Bank; Thomas W. Lamont, J. P. Morgan & Company; Allan B. Forbes, Harris, Forbes & Co.

Left to right, standing: Seward Prosser, President Bankers Trust Co.; Albert H. Wiggin, President Chase National Bank; James F. Curtis, Secretary Federal Reserve Bank of New York; Ellsworth Gray, Assistant Secretary Liberty Loan Committee.

THE

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ELMER H. YOUNGMAN, Editor

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The Liberty Loan

ANNOUNCEMENT was made, in a tentative manner, by the Secretary of the Treasury on May 2 of the first installment of $2,000,000,000 of the $5,000,000,000 bond issue authorized by Congress on April 24. Definite terms in regard to the loan were contained in a circular issued by the Secretary of the Treasury on May 14 from which the following is taken:

"The Secretary of the Treasury invites subscription at par and accrued interest from the people of the United States of America for $2,000,000,000 of the 15-30 year three and one-half per cent. gold bonds of an issue authorized by Act of Congress, approved April 24, 1917.

"Bearer bonds, with interest coupons attached, will be issued in denominations of $50, $100, $500 and $1,000. Bonds registered as to principal and interest will be issued in denominations of $100, $500, $1.000, $5,000, $10,000, $50,000 and $100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, upon payment, if the Secretary of the Treasury shall require, of a charge not exceeding $1.00 for each new bond issued upon such exchange. Transfers of registered bonds and exchanges of registered and coupon bonds and of bonds of different denominations will not be made until October 1, 1917, or such later date as may be designated by the Secretary of the Treasury.

"The bonds will be dated June 15, 1917, and will bear interest at the rate of three and one-half per cent. per annum from that date, payable semi-annually on December 15 and June 15. The bonds will mature June 15, 1947, but the issue may be redeemed on or after June 15, 1932, in whole or in part, at par and accrued interest, on three months' published notice on any interest day; in case of partial redemption the bonds to be redeemed to be determined by lot by

such method as may be prescribed by the Secretary of the Treasury. The principal and interest of the bonds will be payable in United States gold coin of the present standard of value, and the bonds will be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States or its possessions or by any State or local taxing authorities. The bonds will not bear the circulation privilege, but will be receivable as security for deposits of public money.

"If any subsequent series of bonds (not including Treasury certificates of indebtedness and other short-term obligations) shall be issued by the United States at a higher rate of interest than three and one-half per cent. per annum before the termination of the war between the United States of America and the Imperial German Government (the date of such termination to be fixed by a proclamation of the President of the United States), the holders of any of the bonds of the present issue shall have the privilege of converting the same, within such period and upon such further terms and conditions covering matters of detail as the Secretary of the Treasury may prescribe, into an equal par amount of bonds bearing such higher rate of interest and substantially identical with the bonds of such new series, except that the bonds issued upon such conversion are to be identical with the bonds of the present series as to maturity of principal and interest and terms of redemption."

Subscriptions are to be received by all the Federal Reserve Banks and also quite generally by the national banks, state banks and trust companies as well as by many other financial, mercantile and industrial concerns.

Payment for the bonds may be made in installments, namely: on application, two per cent.; eighteen per cent. June 28; twenty per cent. July 20; thirty per cent. August 15, and the remaining thirty per cent. on August 30, 1917.

Arrangements have been made by many banks whereby their depositors will be aided in subscribing for the bonds. The Guaranty Trust Company of New York announces a plan that will enable employers to subscribe for the bonds and distribute them among their employees, payment to be made in moderate weekly installments. In fact, the banks all over the country are coöperating to the greatest possible extent in making the loan popular and in facilitating subscriptions. Organizations of bankers, such as the American Bankers Association and the American Institute of Banking, are also engaged in an active campaign to stir up enthusiasm for the loan. The Secretary of the Treasury and other distinguished financial and banking authorities have made addresses in various parts of the country to acquaint the people with the nature of the

loan and the advisability of subscribing both from the standpoint of the investor and the patriot. Numerous advertising organizations, as well as many banks, are giving wide publicity to the Liberty Loan.

As the Act of April 24 authorizes a total bond issue of $5,000,000,000, it will probably require an extended advertising campaign if these are all to be placed by popular subscription. This method of issue has been resorted to, not because the bonds could not readily have been placed through the banks, but because it was especially desired that the banks should not tie up their funds in Government bonds, but rather keep them available for carrying on the usual operations of trade and commerce. The banks will, as a matter of course, extend credit to their dealers wishing loans for the purpose of buying the bonds. They are offering their facilities freely, without profit of any kind, and are helping in every practicable manner to make the loan a success.

Of the safety of these bonds and their desirability from the investment standpoint solely, there is no possible question. In the first place, the security is practically absolute, for the United States since the adoption of the Constitution—in other words, since it really became a nation—never has failed to pay its debts. At present this is incomparably the richest country in the world, with wealth almost or quite equalling that of the United Kingdom, France, Russia and Italy combined, and with an annual income much greater than all these nations. On the other hand, at the time of the entrance of the United States into the war our interest-bearing debt was less than $1,000,000, while the countries named above have a public debt aggregating $46,000,000,000, according to a recent computation.

On the basis of population, also, the showing is equally favorable to the United States.

France and Great Britain, with a combined population of about 85,000,000, have a debt of more than $30,000,000; Germany and Austria-Hungary, with a population of some 114,000,000, have a debt of at least $22,000,000. All the Entente Powers, with about 426,000,000 population have a debt of nearly $50,000,000,000, while the United States, with over 102,000,000 population had at the time of our entering the war only a scant $1,000,000,000 of bonded debt.

Nor will the present authorized addition of $5,000,000,000 to our public debt result in an actual increase to anything like that extent, for we are turning a large part of this loan over to our Allies, receiving their obligations in exchange.

Carefully weighing all present and future factors, it may be said with confidence that there is no better security in existence than an obligation of the United States of America.

While the interest rate of three and one-half per cent. is low, it must be remembered that this is always the case with the very best character of securities. The investor gets, nevertheless, a fair return, and he runs no risk whatever. If the rate had been made higher, and above the dividends or interest generally ruling with the savings banks, it might have resulted in large withdrawals from the savings banks for the purpose of buying the bonds—something not desirable, since large withdrawals from the savings banks would have called for liquidation of other securities, and this process if carried very far would have caused serious financial derangement.

Furthermore, it must be borne in mind, that should the Government be called on later to issue bonds bearing a higher rate of interest, the three and one-half per cent. bonds may be exchanged for those bearing a higher rate.

In addition to the reasons above set forth, and which deal with the matter from the investment standpoint only, there are sound business reasons for investing in the Liberty Loan. The money paid for these bonds will not be sent abroad, but will be used here to purchase supplies to be sent to the European nations in alliance with the United States. Business prosperity in this country will be immensely helped by the continuance of such purchases; and these can be made in anything like the present volume only if we are able to extend credit to the Entente Powers. In other words, we must all buy Liberty Bonds so that our Allies may have the means with which to buy goods and food from us, so that business here may be kept going.

From the standpoint of wise investment and from that of good business, there are solid reasons why our people should subscribe to the Liberty Loan, but these are not all the reasons nor the best.

We are partners with Great Britain, with France, with Italy, with Russia, with Belgium, with Rumania, with Serbia and with Portugal. Some of these nations fighting for a cause which is now ours have been sorely stricken. They need aid and they need it quickly. Military help we shall give, but this will take time. Financial assistance we can give at once. Let us do it and thus take another step in placing the United States in its rightful position in this great contest for the preservation of democracy.

It is a departure from the established policy of this MAGAZINE to advise any one to buy securities of any kind, but it does most gladly advise all its readers who can to subscribe to the Liberty Loan and in as large amounts as possible, and the hope is further expressed that all the banks will continuously urge upon the people a like course, explaining to them that in purchasing these bonds they are making a wise investment, helping to sustain business and aiding in the defense of democracy and of human liberty.

JAPANESE AND AMERICAN FINANCIAL CO-OPERATION IN CHINA

PLANS for the financial and industrial rehabilitation of China yet remain in abeyance. Participation with other countries in the five-group loans does not coincide with the policy of the American Department of State. As a matter of fact, since the nations embraced in this proposed lending coalition are just now compelled to borrow heavily themselves, and are not in a position to make loans, the matter is for the time being theoretical rather than practical.

Since the nations engaged on the side of the Entente Allies have experienced remarkable success of late in procuring loans in the United States, it may occur to the Chinese statesmen that entrance into the war on the same side might be the surest means of placing themselves in position to receive loans from the western republic. Possibly they may have already looked at this aspect of the matter and have considered the price too great.

At no distant date the problem of granting loans to China and of entering upon a policy of assistance in the railway and industrial development of that great country will have to be met and solved. Unfortunately, the situation presents grave difficulties, political and otherwise. The formation of the so-called six-power group (Germany is now out of it) was doubtless due to an indisposition on the part of any of the nations which it comprised to have the honors, the power and the profits of loans to China to inure to the exclusive benefit of any one of the great powers. But, as already stated, the members of this syndicate (if such it may be styled) have their hands full at present in looking out for their own financial needs. There are only two nations now in a position to make any material loans to China. These are Japan and the United States.

Political jealousy has been responsible for the coalition already mentioned, and there are—or at least there have been—political obstacles to the joint participation of Japan and the United States in plans for financial aid to China. These obstacles present several features.

In the first place China, as a country whose size and population exceed those of Japan, and whose civilization is older, does not particularly like the idea of being placed under Japanese tutelage. Not only that, but suspicion has existed in regard to the aims of Japan which have been thought by Chinese statesmen to include designs on the country's sovereignty. There is one country in which China

has implicit faith as being free from the desire of territorial or political aggrandizement at her expense, and that country is the United States. This is a fact very clear to all who have even superficially observed international political sentiment in the Orient.

But while the way is therefore clear enough, so far as China and the United States are concerned, for the two countries to enter into close financial relations, there is a third party whose views must be taken into consideration. This is Japan.

Two attempts of the Japanese to get a rather large finger into the Chinese pie have failed. They have been balked in their plans for political sovereignty, and the policy of exclusive trade and financial privileges, by which all other nations would virtually be shut out of China, can not be enforced.

It is natural that Japan should regard her own interests in China as paramount. Proximity and a considerable degree of similarity in many respects would seem especially to fit the Japanese people for financial and industrial leadership in China. The progress of Japan itself, and the wonderful advance made in Chosen (Korea), show sufficiently the beneficial results of Japanese efficiency.

Furthermore, with her immense and rapidly increasing population, Japan needs an outlet in those portions of China where the population is less dense than in Japan.

The most obvious course with respect to the financial situation in China would seem to consist in a policy of coöperation between Japan and the United States. It might be said that Japan, having aimed at a policy which would have excluded the United States and other nations from China, should be asked to take her own medicine; but such a course would not tend to promote harmony, and in the end would probably prove disastrous, even could it be put in force temporarily.

It should be no part of the United States to seek exclusive privileges in China or elsewhere. A fair show and no favors is all this country wants.

In the past there has been another factor operating to prevent joint financial action between Japan and the United States with respect to China, and that is a lack of cordial feeling between the two countries first named. There has not been, indeed, any question arising between the two countries which has failed to yield to diplomatic treatment, but there has existed an undercurrent of feeling—rather vague it must be confessed, but still sufficiently marked as not to be ignored—that some time the interests of the two countries would clash irreconcilably.

But of late the situation has undergone an important change. Japan and the United States are both at war against a common

enemy. Besides, this country has come into such close relations with Russia, France and Great Britain as to make it unlikely that Japan, even were she so disposed, can in the near future create any formidable coalition of nations against the United States. Germany may seek to detach Russia from the Entente Powers and to make a new alignment to include Japan, but the Japanese statesmen are both too wise and too honorable to be caught with such fool's gudgeon bait.

In the absence of contingencies not easily foreseeable, Japan and the United States are pretty apt to find themselves in close accord from this time forth.

This being the case, the obstacles to the joint participation of these two countries in making loans to China and developing that country disappear. Although positive information on the subject is lacking, it is believed that China would welcome such coöperation.

The present would seem an opportune time for the American State Department to sound both Japan and China on this matter, and if favorable replies are elicited our financiers can then proceed to render the Chinese Republic the aid required to put the country's finances and industries on the way toward a healthy prosperity.

The Evolution of Business

By E. J. NEWELL

IF Adam and Eve had been able to find a ready-made fig-leaf clothing factory, they would have traded apples for a supply, and thus swapped specialty for specialty, or created "business."

In approaching this subject bear in mind:

First—All business is supplying the needs and necessities or the luxuries and extravagances of mankind.

Second—It is governed by price, the common point at which the buyer and seller meet.

Third—It is regulated by the law of supply and demand.

"Business" is developed and sustained by the desire of man for "a living," as it is called, to care for himself and those dependent upon him, to supply the present and save for old age.

Ambition also is a factor, the desire to live increasingly better, to accumulate wealth, to satisfy his continually developing aesthetic nature, his love of ease, of the beautiful and that which appeals to his senses. This raises the day laborer to a higher sphere, and so with all people in every plane of life—the spirit of Pilgrim and Pioneer showing in a different way.

Imitation is a factor—the desire to

do as others and live on their plane, whether it can be afforded or not.

Jealousy is a factor—the desire that a neighbor should not "get ahead" of him, the desire that his wife and children enjoy the same as the families of other men about him.

Inherited character and temperament, or the growth of a man as his surroundings and environment develop him to his full mental stature, is also a factor.

Men of all ages have been quick to learn the fine points of business success and the advantages to be obtained. The art of trade appears to be easily developed in even native man. Years ago a fur trader visited a tribe of Indians on the Mississippi. Blank cartridges had just been invented and he had a supply. The Indians were holding a shooting match, the target a rock in the river. If they hit, the bullet was flattened against the rock, dropping into the water without disturbance. If the rock were not hit, there was a splash. The trader used his blank cartridges and won practically all the belongings to the tribe. Not wishing to create trouble, he explained his ability, returned his winnings and sold them the remainder of his blank cartridges. Coming back that way some two weeks later, he saw every evidence of prosperity—ponies and blankets without number—and found that the tribe had invited other tribes to a continuous match, they using the blank cartridges.

Business centers in cities, therefore any exposition of it would be the history of the growth of a city. The city is the point where, from natural advantages, men have gathered and plied their various trades.

In a year long gone by a man and his family went west from an Eastern settlement in a wagon drawn by oxen. His idea was to be first on some new ground and reap the benefit of that act. He settled in what would now be considered an Eastern state. He and his sons and the women of the family were sufficient unto themselves. They supplied all their wants, they had homespun clothing and simple food. They welcomed others for companionship and safety. To the first few who came the first comer gave land if they would stay and settle, and then he began to sell farms for low prices and on long time, reserving certain land best situated where he believed a village could be advantageously established. He worked hard with foresight and enthusiasm, taking an interest in all the affairs of the little community and shaping its destinies as its leading man. More and more people, hearing of the advantages of the location and prosperity of the settlers, appeared from the East and were welcomed. Some who came were masters of a trade. Because they could do one thing best, they did it for the whole community, the others paying them in money, articles or reciprocal work—but there was not much money in the early days. Thus business began.

A few were delegated to work at governing. It did not require many because public affairs were not complicated. Some who came had articles of makes unknown to the settlers, and the desire was raised in others to have the same. Stores had been established by enterprising men to supply the needs of food, clothing, implements and utensils, and the storekeepers were requested to procure these new articles. Thus imports into the community began.

The best men in the community were elected to govern, and they did it well, at little or no salary. There were so few inhabitants they could get together at town meetings where matters were discussed, and there was no opportunity for graft in the administration of affairs.

The natural increase of population, the establishing of new families by marriage, and the additions from the world outside caused a rapid growth in population, but its activities were still confined to supplying the needs of living to the surrounding farming country and conducting its interchange of products, and caring for the wants of those living directly in the village. The proportion of storekeepers who furnished

finished products to those who were consumers and produced raw materials only, was still so small that no merchant worried as to whether he could keep his trade or not. In many instances there was only one merchant in a line and the consumer *had* to go to him.

Life was simple, placid and sane. Religious life had appeared from the first. Clergymen were there, also doctors, and lawyers to settle disputes and to assist in the handling of business and legal transactions. Some were the sons of men who had been the earliest settlers. Horses had replaced oxen and longer journeys were attempted in a day. It was possible to travel to nearby communities, sell and trade, and get back the same week. Ideas were brought back by those who traveled, which bore fruit in the way of improvements.

Many were attracted to the village because of its climate, its reputation as a place to do business, and because of the character of the people who lived there. It became noised about that it was a good place to be in, and well governed. Some small manufactories were started and in turn, as the years passed, some who learned in them, having an ambition to earn a larger proportion of profits than wages, risked starting in the same line—with, as is always the case, some failures. The percentage of those who supplied to those who demanded became narrower.

The government of this larger community required more to do that work. The traffic of the streets became so heavy that pavements were necessary. This required supervision and the collection of taxes and the keeping of the town's accounts. The necessity to provide for safety had long since arisen. While at first fire protection was by a mutual or volunteer department, later it became a company of paid men, the same as the officers of the law. Thus, gradually a large class of men was created, whose income came from the people, in return for their services for the public good. This helped the merchants, but prices of food products raised because there was a larger class of non-producers.

While in the earlier days board could be procured for seventy-five cents to one dollar per week, it was now much more and there were fewer places where boarders would be taken. Hotels were

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built to care for the occasional salesman or visitor. Various improvements and the erection of buildings had brought into the life of the town carpenters, bricklayers and artisans, some coming from the outside, attracted by the possibility of getting work, some the sons of earlier settlers. Also there came into existence lumber and stone yards and other lines of business necessary to build a city. The establishment of each activity created its little coterie of people, and all had to be housed, clothed and fed, which required an ever-increasing supply in every line and a demand for more people to create that supply.

The advantages of the location as a distributing point were recognized. It was proposed to build a railroad forty miles to the east to the nearest large town, to connect with a short railroad ending there. This in turn connected by railroad with a larger town further east. The road was built and the community took on more rapid growth as larger markets could be secured.

As a result of this railroad's being built and the demand for material for its building, still further lines of trade were made necessary and created. The ever-increasing number of workmen and families had to be taken care of. They, in turn, by their purchases for their needs and desires, gave cause for new stores to be established. Larger factories were built with increasingly larger forces of men in each. More police, more firemen were necessary, more men to attend to the public welfare as the town grew. They again, by their purchasing, gave reciprocal support. The business men of the town who had been its public men found their time so taken up with their own affairs, the supervision of their business so exacting, competition so ever-increasing, that they refused to serve longer as public servants. They had only time to make a living and save for the future, so a class of professional public servants came into existence, and to them the affairs of the city were left.

Some men prospered, some did not; some came to go into different paths of industry that attracted them, but many were disappointed and had to take what they could get to live; others just drifted in and had to be satisfied with whatever offered. It is estimated that not over sixty per cent. of the men in any community are in the work for which they are best fitted. The fortunate had to take care of the unfortunate. Philanthropic institutions were established and city institutions of all kinds. Public work multiplied, and each new enterprise or institution carried an impetus toward a larger city and more "business."

Boys who had started work at low wages progressed, "made good," and finally received enough to marry, to start a family of their own. Some started new lines of business and employed others who grew up with them, and who, in turn, when the time arrived, established for themselves. Every instance of this kind brought into evidence the whole line of "business" as we have seen—a house to live in, more food, luxuries, and, lastly, amusement. For, with the increasing responsibility of the rush of life and the difficulties of making a living, came a reaction and a desire for relaxation. Parties, dances, concerts, lectures, and lastly, the theatre became a part of the city life—with all their train of professional people of every kind, non-producers of the necessities of life. Luxuries and extravagances were on the increase. Social functions required proper housing and necessary buildings were erected, with all the "business" which their creation brought into existence.

Education early had the attention of the settlers and had played its tremendous part in their development toward higher planes of living. It had exerted its influence on their tastes and had been the most important factor in bringing to perfection their brain power and mental attributes. Its schools and institutions of various kinds, with all those active in its work, had had their place and effect in the growth of the city.

Advertising had been developed from the mere mention in the early days of the existence and location of a merchant, to its present plane of intimate publicity in all its various forms, and it had undoubtedly been the greatest influence in developing *desire,* the most potent factor of human progress.

And now the city has reached the plane of modern life. Continual upheaval, improvement, progres, social, political and commercial have taken place. The human factors noted originally had all been in evidence, and the manufacturer and the man in business had taken advantage of these characteristics, because man will not go

backward, but always forward, seeking for the new and pleasing.

Some one would think of it first and make an article, some one would buy it, and the custom or style was set. So it was in every line, all to take the public fancy and secure "business."

In the old days a man was superintendent of a factory at fifty or sixty dollars per month. Conditions changed as the city grew. The supply of men who could handle the larger enterprises was very small. It took years of training and opportunity to make up the combination of brain power a man should have to grasp and handle the greater affairs of the city. Large salaries became possible. Then these men, as well as all those who had achieved great success, lived on a higher plane. Their desires for the luxuries and extravagances of life increased. They employed their retinue of servants, lived in great residences, had their automobiles, yachts and private cars, giving employment to others, giving to *them* the opportunity to make *their* living; and they, with true American spirit, always believed that some time they would be as well off as the ones for whom they worked.

"Big business," so-called, had appeared because little business could no longer take care of the needs. No man had enough ready capital to build a three-hundred-mile railroad or a ten-million-dollar building. The corporation had come into existence—the coöperation of all the little wells of capital or idle purchasing power turned by stock ownership into one big reservoir for each purpose—distributing, too, the loss, if any. All the machinery of finance had been put in motion. Banks had been organized to pool idle purchasing power and place it where it could be safely used. Mortgages, bonds, all the accessories had been thought of. Discount of bills had been originated to make the retailer pay promptly. Rebates and long-time sales to make him purchase more than he needed for the present. Bargain days and bargain prices had been established to make the consumer increase his purchases.

Combinations of enterprises, or so-called trusts, had been formed—and most of them dissolved because of their weight and size. Some of these had originated because a man knew a particular line of business and formed a combination, caring not whether it lived after he received his fee and got out. Other men in other lines imitated him. But many combinations had been made for the sake of economy and protection from competition, which was destroying the success and profit of their line of enterprise, threatening their very existence. Thus, in various ways, this phase of business life was created.

The men composing a company or a firm did not say to each other "How much of our goods do the public demand?" But they said, "How much can we put out and get our pay for?" and putting out meant work for all—their employees in manufacturing, their bookkeepers, superintendents and selling force, those who made the machinery which was used, thus employing other manufacturers and all their train of employees, taking from others raw materials and half-finished products, depending on others, perhaps, for the most important factors or ingredients for their own productions, showing thus the *inter-dependence* of "business."

New business districts had been created, skyscrapers were built, not because they were lucrative, but because competition dictated them.

One enterprise enlarged by its requirements created others, and they in turn gave rise to others smaller and less important; but all adding to the volume of "business." The great scheme of distribution had come into life. It had become impossible for the manufacturer to follow the lines of credit, of shipment and the collection of payment for his wares. The wholesaler had come into existence to serve him and the retailer. The latter could then buy his different articles from the wholesaler who had assembled them and have them shipped to him in large lots

at low rates. The department store had come into existence, grouping under one roof and one overhead charge, departments covering all lines of merchandise.

The proportion of those supplying to those demanding had become so small that merchants were driven to seek ever larger markets.

In the old days the newspaper cost high and had a few pages with a scarcity of news. When competition made it necessary, the linotype had come in. The paper was enlarged, it had more pages, more matter and a larger circulation which brought more advertising.

Life insurance had been thought of, the scheme evolved and carried out and companies formed, all to meet the desire of man to provide for old age and incompetency. Fire insurance companies were started to meet the desires of men to avoid loss of what they had saved.

The church had grown in competition with the attractions of the other side of life into what it is to-day. Social functions had reached their present plane with all their elaborateness. Funerals, marriages hardly had the semblance of the simple events of the earlier days. Men had traveled to see their relatives in other cities, had seen their furniture, books, tapestries, china and possessions in every line, and had desired the same and ordered them when they got home. The automobile had taken its place with all its train of expense for pleasure. The moving picture and the modern dance had arrived. The city had become almost pleasure mad. All the necessary and *unnecessary* activities of modern life were in evidence. The condition arose of forcing, coaxing the consumer to take more and more, to live on a still higher and higher plane. He in turn forced his own business to keep up—and so was evolved the "business" of today.

And now, that we have the condition of people working and living on this high plane in this tremendously active, throbbing, sensitive existence, what disturbs it?

(To be continued)

How the Cash Balanced

(A Bank Story)

By W. B. COMPTON, The Crocker National Bank of San Francisco

IT was a Saturday afternoon in October, and long lines of depositors had been crowding to the windows until the close of a million dollar day. The rush and scuffle of feet on mosaic floor and the clink of coin on the marble counters, had changed to the sounds given out by myriads of adding machines in the listing of checks and deposit slips on their way to the bookkeepers for accounting.

The various sounds attendant upon the disposition of thousands of items on devious ways through various departments were as bewildering to the novice as the din of a factory. One wondered how each individual in the army of employees knew the part he was to perform in the maelstrom in which they all were whirled. Yet the system in that great institution, which was a unit in the financial structure that swung the commercial world true to its orbit, and made possible a specialization and division of labor into infinitesimal parts, so that the shop girl could purchase her loaf and the mendicant have his crust, was such that each individual worker

was a decimal in the great harmonious whole.

And in that mass of credit matter was represented every walk of life. Copper, gold and currency, that had circulated as largess to guttersnipe or as the wage of workers; that had filled the millionaire's coffers and had been the miser's hoard or the prize of buccaneers; that had slipped through the fingers of millions who sorrowed or rejoiced; that had paid the undertaker's bill or the lawyer's fee, or had purchased raiment, shelter, a crust of bread or a bauble. It all flowed into that giant maw that helped to give a currency to the world, that all might receive recompense for labor of mind or muscle, in a medium that would purchase the needs of humanity in the amount of each individual's capacity, development and desire.

Out of that mass of millions in paper drawn against funds, some of it in remote parts of the world, was a check for thirty dollars drawn on another bank in the same city, which had been returned through the "Clearing House" marked "Not sufficient funds."

The chief teller in the receiving department had just gone over the trays of gold and counted up the packages of currency in order to check with the cash taker, when the item was handed back to him. Ordinarily it would have been a simple matter of charging it back to the account that had deposited it and notifying the depositor, but in this case the endorser had no account in the bank and was a stranger. Some one of the receiving tellers had taken the check in without noticing that the depositor had not endorsed it.

At least a hundred thirty dollar checks had gone through the clearing house that day, and to trace this particular one meant the looking over of a thousand or more deposit slips scattered among twenty bookkeepers who had re-arranged them in alphabetical order. There was a ball game that afternoon and the tellers looked nervously at their chief. He was a smart, well dressed young man, who, on the street might have been taken for a matinee idol. His brows contracted as he scrutinized the check. It was a gaudy affair with the name of the drawer printed on it with the nature of his business, his telephone number and address. "Wait a minute, boys," said the teller, "I'll get him on the 'phone and see if he will take the check up himself or give me the telephone number, or address of the man to whom he issued it. There is no prospect of his taking it up though. In this kind of weather there is not much doing for a house and sign painter."

At the telephone Central informed him that the number he wanted had been taken out.

"Well, boys," he said, "we'll credit Clearing House thirty dollars and charge city collections. I'll go out and collect it myself, or if he hasn't got the money, I'll ask him to give me the address of the payee. If he is wise he won't, but if he is honest he will. It is quicker than looking over the deposit tags. You fellows go to the ball game and leave this matter to me."

Left to himself he looked at the address on the check. "Where in all San Francisco is Birch Avenue?" he muttered. "Say, Mac," he said as he entered the cage of the city collection department, "can you tell me the quickest way to get out to 68 Birch Avenue?" MacDermott was a busy man, but he had the geography of the city at his finger tips. A minute later, the teller, with the desired information, got into his neatly cut overcoat, drew on his gloves and went out on the street. At a neighboring cigar store he filled his case with his favorite brand, cut off the end of one, stuck it in his mouth, lighted it and sauntered leisurely over to the safety station and boarded a Hayes Street car.

As he stood on the platform puffing his cigar his meditations, could they have taken tangible form, would have struck consternation to the hearts of all who draw checks for more money than they have in the bank. In his frame of mind he considered all men criminals

who had recourse to such practices, and he would enforce the law on the subject. True that on some occasions checks against insufficient funds were due to expectations of depositing money with the bank before the check should be presented for payment, but according to his iron rule no man should give his check in payment for goods or value received unless he had the funds in the bank at the time of drawing the check. Such men were the pests of the business community and threw out of gear the commercial machinery in the sphere in which they moved. He had missed the ball game in this particular instance and Mr. DeRoy ought to be sent to jail. He would quote the law to him and threaten him with its operation, or read him a lecture that he would not forget.

In a crowded part of the city he left the car and walked down the main thoroughfare, which was intersected by narrow alleys named after different kinds of trees and called avenues. After crossing Willow Avenue, Laurel and Maple, he came to one more squalid than the rest, Birch Avenue, down which he turned.

The jumble of tenements and flats roused his interest. His eyes were more accustomed to green lawns, beds of flowers, shade trees and palms, with a shimmer of cerulean water in the distance, where the skyline was cut by a low-lying line of hills beyond, and not broken into a series of angles marked by irregular roofs and gables. This was the setting of stories he had read in magazines, of life in big cosmopolitan cities, and he realized that San Francisco was such.

A paintshop under a flat was the address he sought. There was but one elderly workman present, and he was not communicative. The teller looked around. There were pots of paint of every color strewn over the floor and on benches and boxes. Brushes of all sizes and stages of wear were soaking in turpentine, and the air was heavy with its fumes. The walls were thick with paint and in places there were crude attempts at the classical in figure work. The man slouched here and there with his hands in his pockets, a meditative air, and a waiting attitude. He answered curtly in monosyllables.

"Smoke?" said the teller, holding out his cigar case. He lighted a fresh one himself. The workman became more gracious with a good cigar between his teeth. Mr. DeRoy would be back almost any minute. He'd been out collecting all day and had probably stopped at the hospital. His wife was to be operated on that day. The painter slouched out in front of the shop on the sidewalk under the stairs that led to the flat above. The teller, glad to get away from the fumes of turpentine, followed.

"It beats hell how hard the times is!" said the painter vehemently, as he looked up at the smoke ascending from his cigar. "When you try to collect they say money's tight 'count o' the financial stringency and stand you off. But that don't buy shoes for the baby. DeRoy has to pay for his paint 'n oil, and he has his men to pay, tōo, so he's standin' off his bills now so's to have money for the men on pay day."

The man relapsed into gloomy meditation, but drew on the cigar with evident relish and sent clouds of smoke into the atmosphere. The teller did not feel inclined to discuss capital and labor or the financial situation, but was pleased with the garrulous effect of a good cigar on the old man, which caused him to unburthen his mind.

"I see you like a good smoke," he said.

"This is a real treat," said the painter.

"Take these to smoke over Sunday. I have a box of them at home," and he emptied his cigar case in the man's calloused hands.

With reckless extravagance in his abundance, the old man serenely lighted another, and the teller waited in the hope that he would continue to relieve his troubled mind.

"The landlords can't be stood off, though," he sighed, after the weed was well started. "They'll throw you into

the street every time if you don't pay. DeRoy had to give his check for thirty dollars yesterday. His landlord's rich, too. He owns the flat above, and that house for rent across the street."

The teller took mental note that the real estate agency whose sign was on the house had an account in the bank. From it he could obtain the address of the landlord, who was the endorser of the thirty dollar check he had in his pocket, and whom he could not find in the directory. He could ascertain from him to whom he had passed the check and in that way find out who had deposited it without endorsement with the bank.

It was foolish of DeRoy to issue the check when he did not have the money in bank, though he did it to save his ready cash for his men. It was only putting off to-day what he would have to do to-morrow, again face his landlord, but this time an angry one.

"DeRoy 'll be back any minute now, sir, if you want to wait."

The teller decided to wait.

It was now late in the afternoon. A drizzling rain began to fall out of a dull sky, and the basalt pavement began to glisten in the dreary street. The shopgirls were returning from their work, and called cheerily to each other across the alley, or greeted mother or sister awaiting at the threshold of tenement or flat.

"It beats anything how little the California women care for the rain," said the man. "They just walk along and look in at the shop windows as though the sun was shining."

The teller assented, but thought of the women of his acquaintance, who would be greatly perturbed if the rain fell on their feathers, or spattered their clothing. He became conscious of staring eyes from behind concealing curtains, but did not realize that a stylishly attired young man was an unusual figure in that environment. He stared intently into a window across the alley. The curtains fell together and the figure of a girl retreated into the room. She came back again, this time resplendent in her array of finery as she raised the shade and looked up and down the street. Then she disappeared. Soon the front door opened and she came out with her new hat, opened her umbrella and went up the alley to the thoroughfare.

"Queer why that girl came out in the rain, now, ain't it?" said the old man, looking knowingly at the teller.

"Yes! I was wondering what could bring her out," said the bankman.

"I'll tell you. It's because there's a fine looking young man on the street. You've got a good face, young fellow."

The teller was amused at the old man's compliment.

It was growing dark as the workmen began to return to the shop in twos and threes. "He must have a pretty big payroll," thought the bankman as he watched them come in. With anxious faces they inquired for the "Boss." They were wage workers and it was the end of the week. The butcher, the baker and the groceryman must be paid. He noted their air of uneasiness as they conversed in serious faced groups awaiting the return of their employer. They looked askance at him, unable to fathom the meaning of his well dressed presence.

Owing to his business training, and attrition at the counter with characters of every variety, he had skill at reading men and sizing up situations, and it was with but little effort on his part that he understood the present case. Lorraine DeRoy was a poor man who had undertaken to carry on a business. He had plenty of work, but found that money cannot always be collected when due. Without a sufficient surplus of capital to carry him over the contingency of slow pay, he had felt the worry and responsibility of collecting enough for his workmen, who needed it. Perhaps he had not succeeded or had been prevented through attendance on his wife while under the surgeon's knife, and feared to come back to the shop.

The men were waiting for their money, to which they were entitled, and which they needed. What was he there

for? The bank's money to which it was entitled, but which it did not need. But how was the cash to balance? How was the cash to balance!

A man with an apron on came into the shop. He was the proprietor of a restaurant in the neighborhood and had received a telephone message from DeRoy, who was at the hospital. His wife had just been operated upon. He requested that the letterer of the shop and one other man meet him there and receive the money for the payroll.

Joy was depicted on the faces of the men, for it meant that they were to receive their week's pay.

The teller followed the two men up the alley to the thoroughfare.

"I wouldn't trail those men to the hospital for a thousand dollars," he muttered as he boarded a homebound car, "but how in hell am I to balance the cash?"

Monday morning he got down to the bank early and looked at the deposit slip of the real estate agents. He argued that as the landlord had not presented the check at the bank on which it was drawn, he had cashed it at his agent's, who had deposited it with their bank for credit of their account, along with other items, and had neglected to endorse it. In the list of checks on the slip was one for thirty dollars on the same bank as the landlord's check. He felt satisfied that it was the same, but as a matter of precaution he 'phoned to the real estate firm and asked from whom they had received the thirty dollar check deposited on such a day. The name received over the 'phone was the same as the endorsement on the check.

"All I have to do now," he soliloquized, is to charge the check back to the real estate firm and let it find its way back to its source."

He pulled a pad of charge back checks out of his desk and flourished his pen preparatory to filling one out. "What's the hurry," he growled, throwing the pad back in the drawer. "The fellow is likely to go to jail, but it certainly will be particular hell if the cash doesn't balance. This item will be thrown out to-night."

His assistants gathered around him in a group as, with an air of reflection, he arranged gold, silver and currency trays ready for the day's business, and placed inkwell, pens and rubber stamps ready for use.

"What luck, Billy?" they asked. "Did you get the dough?"

"It's all right, boys," he said, facing them with a smile, and tapping his pocket. "I've got the mazuma here. How did you enjoy the ball game?"

Chemical National Bank of New York to Pay Interest on Bank Deposits

BANKERS throughout the country will be interested to hear that the Chemical National Bank of New York, after nearly one hundred years of a non-interest-paying policy, has decided to pay interest on balances of bank's time deposits, and special and reserve accounts.

The following announcement appears in the "New York Times" for May 22:

"In view of the financial situation brought about by the war, which will call for the placing of Government deposits on an interest basis, this bank, after nearly one hundred years of a non-interest-paying policy, has decided to pay interest on bank balances, time deposits, and special reserve accounts.

"The strength of the Chemical National Bank and the conservatism that has always characterized its management have given it a place among the foremost financial institutions of the country. Through every crisis since its founding it has always met in full the requirements of its customers, including the payment in gold of its circulating notes."

"AS GOOD AS THE CHEMICAL"

No higher certificate of financial character could be given anyone than to say of him that he is as good as the Chemical Bank. The strength of this institution has long been one of the universally accepted axioms of banking.

The policy of always being consistently conservative has been maintained through the coöperation of the shareholders with the management, illustrating the desirability of having a bank wisely owned as well as wisely managed. From first to last those who have held the stock of the Chemical Bank have adhered to the belief that the thing of paramount importance was not the amount of dividends that could be earned nor the sum that could be exacted from the commercial community; but that it was above all else desirable to maintain a thoroughly sound condition, and to deal with borrowers as persons entitled to fair treatment always.

By making safety the primary consideration and profit secondary, the actual outcome has been that the bank has been one of the most profitable in the country.

EARLY HISTORY

Banking charters were very hard to obtain in the times when the Chemical Bank was founded, and it was only by making banking a subsidiary part of its operations that a charter was procured February 24, 1823. On that date incorporation of the New York Chemical Manufacturing Company was obtained for a period of twenty-one years, the charter stipulating that the company "shall not engage in any banking business or transaction, excepting such as may be properly and necessary to carry into effect the declared objects of this act."

An office of deposit and discount was opened at 216 Broadway, August 2, 1824. The population of New York was then 124,000, and twelve other banks were in existence.

The first board of directors consisted of the following: Balthazar P. Melick, president; John C. Morrison, Mark Spencer, Gerardus Post, James Jenkins, William A. Seely (notary public), and William Stebbins, cashier of the bank and agent of the manufacturing company.

The salary of the cashier was $1,500 a year, with the use of the upper room of the bank.

On April 1, 1824, the charter was amended, granting full banking powers, but with the stipulation that at least $100,000 of the total capital of $500,000 must be employed in the making of chemicals. It was not until 1832 that the chemical part of the business was dropped and attention devoted to banking alone.

The sure foundations of the bank were laid by John Mason, who, though not an organizer of the bank, became a stockholder in 1826 and virtually controlled its destiny as a director and as president from 1831 until his death in 1839.

Although the bank was exceedingly prosperous, it did not begin the payment of dividends until 1849, allowing the profits to accumulate in the surplus fund, which then amounted to $225,000. This policy of keeping up a large surplus has been a marked feature of the Chemical's management. In 1906, with a capital of $300,000, the surplus had grown to $7,000,000, the value of the stock was $4,325 a share, and the dividend rate 150 per cent.

When the charter expired in 1844, a new one was obtained, the capitalization being fixed at $300,000 and shares $100 each.

Isaac Jones became president of the bank October 1, 1839, and John Quentin Jones in 1844. While John Mason had been called the father of the bank, John Quentin Jones was declared to be the bank itself.

In 1853 the New York Clearing-House Association was formed and the Chemical Bank became one of the original members.

When the panic of 1857 swept over the country, the position of the Chemical Bank was so strong that it refused to join in the general suspension and kept on paying out gold. as it did in the panic of 1860.

BECOMES A NATIONAL BANK

On August 1, 1865, the bank came into the national system as the Chemical National Bank. It was the privilege of the bank to aid in sustaining the public credit through the trying period of the Civil War, and its patriotic attitude was reflected in a resolution offering leave of absence with full pay to its employees who might be called into service in the field—an offer repeated in the Spanish-American War in 1898, and again at the declaration of the present war.

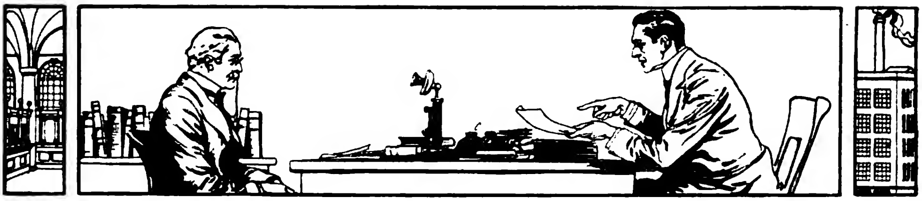
As early as 1850 the Chemical Bank removed to 270 Broadway, where it occupied a very modest building until in 1906 the present modern structure was begun and was occupied by the bank in the spring of the following year.

The present officers of the bank are as follows: Joseph B. Martindale, president; H. K. Twitchell, vice-president; Francis Halpin, cashier; James L. Parson, E. H. Smith, I. B. Hopper and J. G. Schmelzel, assistant cashiers.

The following tables give an impressive story of the growth of the bank:

DIVIDENDS	Per Cent.	SURPLUS	
1849	12	1829	$4,000
1855	18	1839	75,000
1856	24	1849	225,000
1866	36	1859	650,000
1870	40	1869	1,000,000
1871	60	1890	6,000,000
1873	100	1906	7,000,000
1888	150	1907**	5,000,000
1907**	15	1912	6,000,000
		1914	7,000,000

**$2,000,000 from surplus fund and $700,000 from undivided profits added to capital, making capital $3,000,000 on February 28, 1907.



The Business Counselor—The New Factor in Banking

Analysis of Conditions by an Engineering Expert as a Sound Basis for Making Loans

By GEORGE KINGDON PARSONS

On account of the recognized complexity of modern business and the broad scope of the data required by the banker, there is evident an ever-increasing necessity for employing business specialists to make scientific analyses of manufacturing and merchandising conditions, for the purpose of insuring the safety and earning power of capital. Recognizing the importance of this subject we have arranged with Mr. Parsons to write regularly for this department.—THE EDITOR.

SEVERAL years ago my attention was called to a very interesting case in which a manufacturer who had applied to several bankers for a loan was refused because of a personal idiosyncrasy. He had a hobby for beautifying cemeteries. It could not truthfully be said that this hobby actually went so far as to deserve the title of a mania; nevertheless, its manifestations denoted him as a man of peculiar tendencies. On this ground the local banks declined to advance him the money needed to carry his business for a short time, until the selling season should bring him the necessary cash. He was accordingly forced to secure the money elsewhere at an exorbitant rate of interest.

Yet this man had a thriving business, and the loan he asked for would have been perfectly safe. The difficulty lay in the fact that he had no means of making an adequate exhibit of his resources to the local banks. Had he been able to do so, there is no question but that the idioscycrasy would have had a minor importance, in view of the sound underlying foundation and potentiality of the business.

Here was an established, flourishing business that needed only temporary financing. Because of the refusal of the local banks to accommodate him, the owner had to pay more money for his loan, and the local banks lost the business. Both the banker and owner suffered—a double economic loss.

It is very safe to assume that this incident, which is authentic, represents only one of thousands in which money is refused to would-be borrowers because of the personal equation. The personal equation is all very well in its way. There are, it is true, certain characteristics and traits which influence us against individuals we meet. You become instantly skeptical of the man with close-set, shifty eyes. There are also certain mannerisms of speech which breed distrust. By means of that world-old weapon, instinct, you combat world-old craft and cunning.

But over and above the obvious in-

dications of undesirability there are many superficial evidences of personal peculiarity which should not always be thrown into the scales against the prospective borrower. Because you take a personal dislike to the man who offends the conventions by bad grammar,

The banks refused him a loan because he had a hobby for beautifying cemeteries

or who shows negligence in his attire, it does not necessarily follow that he is not a very worthy object for your consideration. Like the manufacturer with a penchant for the embellishment of burial grounds, his cause may be a fair and just one.

On the other hand, there is a large class of would-be borrowers whose claims to consideration lie in plausible but specious representations which could not survive the test of analysis.

All of which tends to the logical conclusion that an advance of funds should be based on facts. But facts are not always easy to get. The banker, in dealing with figures which ostensibly represent the financial status of a concern requesting a loan, very frequently finds that these figures do not represent the facts they are supposed to represent. The fault does not lie with the banker. Although gifted with exceptional acumen by his training and the nature of his calling, it cannot be expected of him that his powers of penetration and assimilation should extend to the intimate details of manufacturing.

There was a time, while the manufacturing industries of the country were in their infancy, when a banker could safely form his own conclusions of a business from personal investigation. In those early days manufacturing was carried on in "shops" which had not as yet attained to the dignity of factories. A great manufacturing plant such as we have on every hand to-day would have been an extravagant chimera. The modern plant, together with its correlated merchandising functions, forms such a vast and complicated piece of industrial machinery that no one man, even among those who live in close daily contact with a specific industry, can master its details.

This being the case it can readily be seen that the exacting duties of the banking profession, themselves leading to almost endless ramifications, make such a demand upon the banker's time as to leave little opportunity for the acquisition of specialized technical knowledge in the diverse lines which he is called upon to consider. In one day the banker may be asked to advance loans to a shipbuilder, a manufacturing jeweler, a construction company, a piano manufacturer or a munitions plant—a wide range of industrial activities. Each of these, in applying for a loan to the banker, will submit a report

Business to-day is more complex than is was a hundred years ago

which on the face is supposed to show the condition of the business. Granting that this report gives certain vital facts, it cannot, at best, enlighten the banker fully, for the simple reason that it does not cover certain phases which

have a material bearing on the standing and welfare of that particular business. How, for instance, is this banker to know from a regulation cut-and-dried report, the market conditions of a particular line, whether raw products will not make a sharp advance, what the competitive situation is, and so on?

These things, all of which have an indirect but very pronounced effect on any business as a whole, do not as a rule show up in figures, yet they are of paramount importance and should not be ignored in a transaction which contemplates a loan.

There are other objections to reports which consist purely of figures. The figures, even if full and satisfying, do not visualize conditions as they really exist. To complete the picture there is needed a broad and comprehensive report covering not only the purely audit side of the business under scrutiny, but facts pertinent to its morale, organization and potential possibilities. It has always been my contention that such facts can be supplied only by engineering experts, men who are fitted to the task of analyzing both the concrete and abstract conditions existing in a business. The banker, as before stated, not being a business expert, is beginning to find a man of this type of great value. He plays the role of a business counsellor, forming the connecting link between the banker and business. Engaged by the bank or at the bank's instance, the result of his investigations are embodied in reports which the banker can "see."

Here, in a nutshell, is the objection to the great majority of reports submitted to the banker—although the figures are in themselves sufficiently plain they do not enable the banker to "see" the business. The reason for this is that such reports are largely superficial; they do not go far enough below the surface of the business. As a result, resources or assets which may look well on paper dwindle to insignificance when reduced to their ultimate values, under certain formulas designed to show them at their true worth. In some cases, the banker, satisfied with the showing, makes a loan when it should not be made; and in other cases, withholds it when it should be made. Both conditions—confidence on the one hand and skepticism on the other—operate to the injury of stable economics. The remedy is the engineering expert, the business counselor, whose function it is to translate business idiom into comprehensive terms which represent real values. Under the scrutiny of the engineer of business flamboyant figures and flattering representations are avoided, and incontrovertible facts alone presented. And in determining a loan it is facts, and facts only, which should count.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Discharge of Cashier

IN the administration of banking institutions it becomes the painful duty of the governing body to remove executive officers who for one reason or another have incurred the displeasure of the board. Such officers are usually appointed at the annual meetings, as a rule, for the "ensuing year," and it is generally understood that the employment is to run during that period. The severing process may be unpleasant to both parties, and generally takes the form of a request for a resignation in order to make the odium as light as possible; in other words, "to save his face," as the Chinaman would put it. If the one to be retired takes no issue with the superintending powers, and gracefully retires, no question arises; but if he cherishes the position, as most men do, and dislikes to face the world with the stigma that such a dismissal brings, he cannot be expected to relinquish without an effort to protect himself. The question arises: Is the employment of a cashier, or other officer of a bank, under the above named conditions, a contract, that cannot be broken without the consent of both parties? May the board treat the officer so engaged as an ordinary employee and discharge him at their pleasure?

Such a case arose in Missouri and is reported in this number. In this instance the cashier was elected for a year, was ready to serve the full year, but was asked to resign, and failing to do so, was removed. Whereupon he drew the balance of the salary due him and acquiesced in the demand of the board.

Suit was brought for the sum so taken, and defended on the ground that his engagement as cashier was a contract and that he was willing and competent to perform. But the bank's position was sustained under a Missouri statute that provides that bank directors may appoint and remove a cashier at pleasure, and such statute prevents the employment of a cashier under a contract that will put it beyond the power of the board to remove him at their pleasure. It is obviously a just statute, for to place such an officer beyond removal for just cause, would permit of permanent employment, if the one so employed could secure an annual appointment. On the other hand, such removal, unless for grave cause, often works unjust injury to the one removed, and the history of such cases proves the truth of the foregoing statement. Once out of a bank under a cloud re-employment is difficult to obtain. "Once a bank man, always a bank man," is a trite, but true saying, and those who have tried the experiment of quitting banking for other lines of commercial activity, especially if the individual has been so long in banking as to have his other instincts smothered, have found to their sorrow that it is no easy proposition.

Banking as a profession does not develop salesmanship. While the man who can sell one article can sell another—the selling principle being the same, whether in shoes or sugar, the banker's training is along one line, accounting and administration, and he cannot readily turn his hand to other tasks. Moreover, the loss of such a position is apt to make one lose his nerve, without which he cannot succeed in any calling. It would seem but just,

that unless for some unforgivable reason a man is discharged, he should be given ample time to readjust his affairs and take up his new work with as easy a conscience as possible, the world being all too ready to condemn and scorn, even those who have failed through no fundamental fault that could be easily corrected.

Stolen Certified Check

A certified check is a dangerous instrument—dangerous in the same sense that a bank note is dangerous, inasmuch as it will be readily accepted for its face value. But unlike money, which has no earmarks, it is open to attack if passed by one who has no title to the instrument, and is not lodged in the hands of an innocent third party, holder in due course.

In the present number we present a case where a check was drawn to the order of the Empire Trust Company (which is fiscal agent for the State of New York, for the sale of revenue stamps) and drawn on the Bank of the Manhattan Company by a firm of stock brokers. The check was handed to the Manhattan Company for certification, and presumably returned to the one presenting, but inadvertently was handed to a third party who presented the check to the Empire Trust Company, with a forged order from the brokers for the amount in stamps. As soon as the clerk discovered the erroneous return of the check he hurried to the Empire Trust Company and was informed that the check had already been used. Suit followed. At the close of the trial the judge submitted the question as to whether the Empire Trust Company had acted in good or bad faith, and the jury found that it had acted in bad faith.

The higher court doubted the finding of bad faith, but admitted that the trust company was not vigilant in accepting the forged order, and may have even been grossly negligent, but could not consent to the finding of bad faith. But in spite of the foregoing questions, held that even though the check was accepted in good faith, it could not recover.

The check made by the brokers was never delivered to the payee (Empire Trust Company) and until delivery, the check had no legal conception. The thief never had any title to the check and therefore could give none. (See Empire Trust Company vs. President and Directors Bank of the Manhattan Company in this issue.)

Leading Cases

Employment of Cashier

MISSOURI

Contract of Employment—Removal of Cashier

Supreme Court of Missouri, Division No. 2, Dec. 6, 1916.

CITIZENS BANK OF HAYTI VS. WELLS ET AL.

Rev. St. 1909, section 1112, providing that the directors of a bank may appoint and remove any cashier at pleasure, prevents the employment of a cashier under a contract putting it beyond the power of the board to remove him at any time.

The state has the right to prescribe the general policies which shall be observed in the conduct of a banking institution.

Rev. St. 1909, Section 1112, providing that directors may appoint and remove any bank cashier at pleasure, does not violate Const. art. 2, sec. 15, denouncing ex post facto laws, where it was in existence when one was employed as such cashier.

Such statute does not violate Const. art. 2, sec. 15, denouncing laws impairing the obligation of contracts, where it was in existence when one was employed as such cashier. (190 S. W. Rep.)

Action by the Citizens' Bank of Hayti against Charles Peter Wells, Jr., and the National Surety Company. Judg-

ment for plaintiff and defendants appeal. Affirmed.

STATEMENT OF FACT AND OPINION

Defendants have appealed from a judgment against them on the bond of defendant Wells given by him with his codefendant as his surety to secure the bank against any failure of Wells to properly discharge his duties as cashier of said bank. No point is made on the pleadings.

The evidence shows that on February 7, 1911, the board of directors of the plaintiff bank held a meeting, and the record of their proceedings at that meeting shows the following:

"The members of the board elect of the Citizens' Bank of Hayti, Hayti, Missouri, met at its banking house in Hayti, Missouri, for the purpose of organization and the selection of officers for the ensuing year."

Also the following:

"The organization was then perfected by the election of the following permanent officers, viz., Fred Morgan, president; F. M. Perkins, vice-president; Chas. Peter Wells, Jr., cashier and secretary; Leo Greenwell, assistant cashier."

And this:

"On motion of Mr. Perkins, duly seconded and carried, the salary of the cashier and assistant cashier were fixed at $75 and $25 respectively."

Thereupon the defendants executed the bond sued upon herein in the sum of $10,000 to secure the faithful execution of the duties of Wells as such cashier. The record of the proceedings of said board of directors thereafter shows the following:

"Hayti, Mo., 4/10/11. Upon motion of Mr. Perkins, seconded by Mr. Sturm, and duly carried, Mr. Wells was asked to place his resignation in the hands of the directors, such resignation to take effect not later than May 1st."

Also the following:

"Hayti, Mo., April 12, 1911. Minutes of the last meeting read with the following amendment by Mr. Ray, and were then approved. Following the words, 'such resignation to take effect not later than May 1st,' to insert the following words: 'Mr. Wells refused to tender his resignation, saying that he had been retained for the year and was willing to continue his duties, thereby carrying out his part of the contract.'

"Motion by Mr. Sturem, seconded by Mr. Perkins, that the president inform Mr. Wells that his services as cashier would be no longer needed after the 3d of May, 1911."

On May 3, 1911, Wells owed the plaintiff on an overdraft $11.92, and on that day he drew a cashier's check on plaintiff bank for $588.08, took that check over to the bank of Hayti, and "cleared" the two banks, in which clearing that check was placed to his credit in the other bank, and the plaintiff's account in that clearing was reduced by the amount of the check. Defendant quit the service as such cashier under protest on his part and only because of such discharge. He testified that he considered himself engaged as such cashier for a year, and that he took the money as he did to pay himself for the unexpired portion of that year. Defendant offered to prove that during the remainder of such year he tried but failed to find any similar employment, and that he was during that time able to earn only a small amount of money by working out of doors in bad weather. The court excluded that evidence, and gave a peremptory instruction to the jury to find for the plaintiff for $588.08, and the verdict was returned accordingly.

Shepard, Reeves & McKay, of Caruthersville, for appellants. A. Sloan Oliver, of Caruthersville, and Arthur L. Oliver, of St. Louis, for respondent.

Roy, C. (after stating the facts as above). Appellants contend that the facts in evidence show an employment of Wells for one year, and they cite Davis vs. Insurance Co., 181 Mo. App. 353, 172 S. W. 67, as authority for the proposition that under such employment for a definite term the employee cannot be rightfully discharged during

such term. It is sufficient to say that there was no special statute applicable in that case as in this. It may be conceded that the general rule was there well stated. But section 1112, R. S. 1909, provides:

"The directors may appoint and remove any cashier or other officer or employee at pleasure."

The evident purpose of that statute was to prevent the employment of such bank officers under a contract which should put it beyond the power of the board to remove at any time.

The state has the right to prescribe the general policies which shall be observed in the conduct of such institutions; and, as was well said in Wells vs. National Surety Co. (App.) 184 S. W. 474, Wells entered into his employment as such cashier with knowledge of that statute.

Appellants say that the statute contravenes section 15, art. 2, of our state Constitution, which denounces ex post facto laws and laws impairing the obligation of contracts. As our statute was in existence when Wells was employed as such cashier, the statute is not subject to such objection.

The judgment is affirmed.

190 S. W. Rep. 314.

Certified Check

New York

Holder in Due Course—Negotiability—Title—Delivery—Stolen Check

Supreme Court—Appellate Term—First Department.—December 29, 1916.

EMPIRE TRUST CO. VS. PRESIDENT AND DIRECTORS BANK OF THE MANHATTAN CO.

Where a certified check, payable to plaintiff, was drawn by a depositor in defendant company, and was taken from the drawer's possession, the thief never had any title to the check, and could not transfer title to the plaintiff.

The payee of a negotiable instrument, delivered by the maker to a third party, with instructions not to deliver to the payee, except on certain conditions, but which, in fraudulent disregard of the instructions, is delivered to the payee for value, becomes a purchaser of the instrument for value. (162 N. Y. Supp.)

Action by the Empire Trust Company against the president and directors of the Manhattan Company. From a judgment of the City Court, dismissing the complaint on the merits, plaintiff appeals. Affirmed.

STATEMENT OF FACT AND OPINION

Lehman, J. The plaintiff has brought an action to recover from the defendant the amount of a check drawn by the firm of Homans & Co. upon their account in the defendant bank and certified by it. It appears undisputed that on the 16th day of March, 1916, the stock brokerage firm of Homans & Co. drew its check for the sum of $1,990 to the order of the plaintiff, and gave the check to one of their clerks, with instructions to take the check to the defendant bank for certification, and after certification to use the check for the purchase of $2,000 par value of revenue stamps from the plaintiff, which maintained a department for the sale of such stamps. The clerk handed the check at the defendant bank to the person whose duty it was to certify checks, and after waiting some time inquired for his check. It then appeared that the check, after certification, had been taken by, or erroneously handed to, a third party. The clerk from the brokerage firm hurried over to the plaintiff's place of business, but the person who had wrongfully taken the check from the defendant bank had already used the check for the purchase of revenue stamps from the plaintiff. In order to obtain such stamps, the purchaser was obliged to sign a requisition, and in the present case the party presenting the check of Homans & Co. to the plaintiff had also delivered to the plaintiff a forged requisition for the stamps, which purported to be signed by Homans & Co.

At the close of the case the trial justice submitted to the jury only the question of whether the plaintiff, in accept-

ing the check, acted in good faith or in bad faith, and reserved decision upon the defendant's motion to dismiss the complaint until the coming in of the special verdict. The jury found that the plaintiff had acted in bad faith. Thereafter the trial justice dismissed the complaint, and in his opinion, which is part of the record, indicated that he had reached this decision, not only because he felt that the verdict of the jury on the question of fact was justified, but also because he found as a matter of law "that the check has never been duly negotiated, and that the plaintiff is not a holder thereof in due course."

I have serious doubts whether the jury could reasonably find that the plaintiff was guilty of bad faith. The plaintiff was probably not vigilant when it accepted the check and forged requisition; possibly it may even have been in a sense grossly negligent; but there is grave question whether the negligence is sufficient to indicate actual bad faith. However, I do not think that we need consider that question, for in my opinion, even though the plaintiff accepted the check in good faith, it cannot recover.

The check made by Homans & Co. was never delivered by them to the payee, and until delivery an instrument has no legal inception. It was stolen from their possession. The thief never had any title to the check, and therefore could not transfer title to the plaintiff. If the plaintiff can maintain an action upon an instrument which was never delivered by the maker, and by virtue of a title received from a person who himself had no title to the instrument, then this result must be due to the peculiar rules of the law merchant governing negotiable instruments, now embodied in the Negotiable Instrument Law. Section 35 of that law provides:

"Every contract on a negotiable instrument is incomplete and revocable until delivery of the instrument for the purpose of giving effect thereto. As between immediate parties, and as regards a remote party other than a holder in due course, the delivery, in order to be effectual, must be made either by or under the authority of the party making, drawing, accepting or indorsing, as the case may be; and in such case the delivery may be shown to have been conditional, or for a special purpose only, and not for the purpose of transferring the property in the instrument. But where the instrument is in the hands of a holder in due course, a valid delivery thereof by all parties prior to him so as to make them liable to him is conclusively presumed. And where the instrument is no longer in the possession of a party whose signature appears thereon, a valid and intentional delivery by him is presumed until the contrary is proved."

There is no doubt that, by virtue of the rule embodied in that section, the rule of law governing ordinary contracts or instruments, that a contract becomes effectual only by actual delivery, is modified, at least to the extent that, where a negotiable instrument is in the hands of a "holder in due course," a valid delivery thereof by all parties prior to him, so as to make them liable to him, is conclusively presumed. The real question in this case is therefore whether the plaintiff is "a holder in due course" within the meaning of that section.

The defendant claims that the payee is an "immediate party" to the instrument, and that therefore, in an action brought by the payee, evidence is always admissible to show that there was no valid delivery of the instrument. There seems to be some diversity of authority in the various states as to whether the payee of a negotiable instrument can ever be a "holder in due course" within the meaning of the statute. See Boston Steel & Iron Co. vs. Steuer, 183 Mass. 140; Liberty Trust Co. vs. Tilton, 217 Mass. 462, which hold that a payee is not necessarily a remote party, and may be a holder in due course. See, also, Vander Ploeg vs. Van Zuuk, 135 Iowa, 350; Long vs. Shafer, 185 Mo. App. 641, which hold that a payee is an immediate party, and cannot be a holder in due course, and does not take free from any defenses

which the maker could interpose if the instrument were non-negotiable. It is quite impossible to reconcile these decisions, but it seems to me that, even though we adopt the views expressed by the Massachusetts courts, the plaintiff has not established that *in this case* the payee is not an immediate party and is a holder in due course.

In the case of Boston Steel & Iron Co. vs. Steuer, 183 Mass. 140, the facts were that the defendant, a married woman, delivered to her husband her check for $200, made payable to the plaintiff, and instructed her husband to apply it in payment of a debt which she personally owed to the plaintiff. The husband fraudulently delivered the check to the plaintiff, to be used in payment of his own debt to the plaintiff. The court there held that the plaintiff, though the payee of the check, and therefore not holding through indorsement, was yet a holder in due course. The court there stated:

"The fact that the plaintiff is the payee of a negotiable security does not prevent him from becoming a bona fide purchaser of it at common law, with all the rights incident to a purchaser for value thereof without notice."

And it cites various cases in the English courts and in the Supreme Court of the United States as authority for this statement. These cases establish the proposition, I think, that where the maker of a negotiable instrument delivers it to a third party, with instructions not to deliver it over to the payee of the instrument, except on certain conditions, and the party to whom the maker has delivered it fraudulently disregards his instructions and delivers it to the payee for value, the payee becomes a purchaser of the instrument.

In all these cases, however, there are really two transactions. The first transaction is one between the maker and the third party, by which the third party obtains possession of the instrument. The next transaction arises between the third party and the payee, by which the third party delivers the instrument to the payee for value. In other words, in these cases the maker has given to a third party an instrument, and has authorized the third party to transfer title to the payee by delivery, when certain conditions of which the payee has no notice are fulfilled. The third party thereupon proceeds to sell the instrument to the payee, who takes without notice of the conditions. The payee's transaction with the third party gives rise to no defense on the part of the maker; any defense which the maker might have would arise from the original transaction between the maker and the third party, to which transaction the payee is a stranger; consequently, where the payee purchases the instrument for value from the third party, he should be entitled logically to the same protection which is afforded to any other purchaser of a negotiable instrument.

There is, so far as I can see, no real difference between such a case and a case where the maker conditionally delivers a negotiable instrument to a payee, and the payee sells it to an innocent purchaser and indorses the note to him. In both cases the maker has put into the hands of a party, upon secret instructions or conditions, an instrument which that party can put into circulation. In both cases the holder has transferred the note to another man in such a manner as to make the transferee the holder of the note, and in neither case has the transferee had anything to do with the earlier transaction between the maker and the person to whom the maker delivered the note. There is little doubt that a payee who purchases the note under such circumstances comes within the protection afforded ordinarily to a purchaser for value, unless the Negotiable Instrument Law has changed the common law or law merchant. Even in the case of Vander Ploeg vs. Van Zuuk, supra, the court stated:

"The conclusion which we reach is perhaps different from what it would have been, had the Negotiable Instruments Act not been passed."

There are, however, two important points of difference between the case we have under consideration and all the

other cases which have arisen either under the law merchant or the Negotiable Instruments Act. In the present case the maker never had any transactions with the party who attempted to transfer the note to this plaintiff. That party had merely stolen the note from the drawer or drawee. Moreover, that party never claimed to have the right to deliver the note to the payee, except as agent for the maker in payment of stamps sold to the maker. The plaintiff sold these stamps to the person in possession of the check, knowing that the check was intrusted to some person for the sole purpose of paying for stamps requisitioned by the maker of the check. In other words, while it did not know that the check was in the hands of a thief, it did know that it was in the hands of a person who had no right to deliver the check, except for the purpose of paying for stamps sold to the maker.

The defense in this case is that the check was delivered by a person having no authority to make the check effective by delivery. That defense arises, not from any transaction with the third party, by which a limitation unknown to the payee was imposed upon the third party's right to deliver the check. It arises from the fact that the payee accepted the check because it believed that the thief had authority to use the check in payment of stamps sold and delivered to the maker. It never sold any stamps to the maker, but was fooled by a forged requisition into the belief that the thief was buying and receiving the stamps for the maker. There was no delivery of the check, because, in the transaction to which the plaintiff was a party, the plaintiff failed to sell and deliver the stamps to the maker, although it was informed that the maker had authorized the delivery of the check only upon that condition. The payee in such a case is not a purchaser of the check, nor a remote party either to the instrument or to the transaction, but, on the contrary, its claim of title to the check rests upon a transfer of possession from one who at best appeared to have authority to deliver the check and make it a valid contract only for a consideration which the plaintiff has failed to deliver. I have found no case, either at common law or under the statute, which holds that the payee who receives the check under such circumstances is a "holder in due course," and I do not think that on principle he can derive any rights from such a transfer. * * *

These views are somewhat strengthened by the opinion of the Supreme Judicial Court of Massachusetts in the case of Liberty Trust Co. vs. Tilton, supra, upon which the plaintiff seems largely to rely. In that case the payee of the note sued an accommodation indorser, who signed the note in blank, upon the express condition that the maker should fill in the note and deliver it only after certain conditions were met. The court there held that the payee was a purchaser for value. In that case the court again reviewed the authorities on the point of whether the payee of a note could ever be a holder in due course, and especially its earlier decision in Boston Steel & Iron Co. vs. Steuer, supra. It stated that:

The effect of that decision was to hold that the words "immediate parties," as used in the Mass. Negotiable Instruments Law (Rev. Laws, c. 73, section 33), which is similar to our own statute, "did not necessarily include the payee. Hence 'immediate parties,' in that connection, excludes a party who is a holder in due course. In such case these words must be confined to parties who are 'immediate' to the conditions or limitations placed upon the delivery, in the sense of knowing or being chargeable with notice of them. A payee, who is a holder in due course, is not an immediate party in the sense of that section. This result follows from holding that a payee may be a 'holder in due course,' as defined in section 69, because he could become such holder only on condition. (4) 'That at the time it was negotiated to him he had no notice of any infirmity in the instrument.' Thus he could not be such holder, unless the paper was 'negotiated' to him. Therefore the word 'negotiated' was held to describe the means by which a payee

might acquire a note. It was given its common legal significance of concluded by bargain or agreement. Palmer vs. Ferry, 6 Gray, 420, 423; Everson vs. General Accident, Fire & Life Assurance Co., 202 Mass. 169. A promissory note, complete as to form and payable to a named person may be negotiated to that person by being sold to him or taken by him for value. This is the common and popular signification of the word. It was the sense in which it was used in the law merchant before the Negotiable Instruments Act. Its meaning has not been changed by the act. That was in substance the decision in Boston Steel & Iron Co. vs. Steuer, 183 Mass. 140.

The court also held that there had been a delivery by the indorser prior to the filling in of the banks and the delivery to the payee within the meaning of section 31 of the act (section 33 of our statute). It seems to me that this decision rests upon three elements: First, that the defendant charged with liability in that case had made a conditional "delivery" within the meaning of the statute; second, that the payee was a stranger to these conditions; third, that the person to whom the defendant delivered the note transferred it to the payee by bargain or agreement, which would have been valid, except for conditions made by the defendant to which the payee was a stranger. In the present case, as shown above, no such elements exist. There never was a delivery of the check, conditional or otherwise, by any party to the note. It was feloniously taken. The payee was not a stranger to the conditions upon which the maker had authorized delivery to the payee, and, finally, the note was not "negotiated" to the payee by bargain or agreement, but was delivered to the payee, to become a complete and valid instrument only upon the payee selling to the maker the stamps for which this check was actually drawn. In other words, if there was a bargain or agreement made with the payee, it was an agreement with the maker to sell to the maker, and not to a thief, the stamps. In the absence of these elements, I do not think that even under the Massachusetts rule is this plaintiff a holder for value.

It follows that the judgment should be affirmed with costs.

162 N. Y. Supp. 629.

Cashier's Checks

New York

Consideration—Stop Payment

Supreme Court, New York—Appellate Division—First Department—December 15, 1916.

BOBRICK VS. SECOND NAT. BANK HOBOKEN.

Where cashier's checks were issued at a depositor's request, it is presumed that there was a consideration moving from the depositor to the bank, and the want of consideration moving from the payee to the bank is immaterial.

A bank, by issuing a cashier's check in reliance upon the sufficiency of the balance or credit of the depositor, who requested the issuance of the check, incurs a direct, primary obligation to the payee that the drawee would pay the checks on presentment, and in default thereof that it would pay them.

When a bank, at the request of its depositor, and relying on his direction to charge the amount to his account, issues cashier's checks drawn on another bank, and delivers them to the payee named therein, it is not acting merely as the agent of its depositor, whose authority is subject to revocation; but the transaction is a completed one, and the rights of the payee cannot be affected by the bank stopping payment on the checks at the request of its depositor. (162 N. Y. Supp. 147.)

Action by Gabriel A. Bobrick against the Second National Bank of Hoboken. Judgment for plaintiff, and defendant appeals. Affirmed.

STATEMENT OF FACT AND OPINION

Laughlin, J. This is an action by the payee against the drawer of three checks. There is no conflict in the evidence. It appears that one Mackenzie had a deposit account with the defendant. Mackenzie was traveling in the West, and he wired or wrote the de-

fendant to issue the three checks to the plaintiff, "Trustee." On the 18th day of August, 1914, pursuant to that direction from Mackenzie, the defendant issued three cashier's checks, payable to the order of "G. A. Bobrick, Trustee"—two each for $1,000, and one for $500. The checks were drawn on the National Park Bank of New York, and were sent to the plaintiff at Los Angeles, Cal., evidently pursuant to the direction of Mackenzie. Before they were presented to the drawee for payment, the defendant received notice from Mackenzie to stop payment, and it did so; and the National Park Bank, acting upon the notice it received from the defendant, refused payment, and the defendant was duly notified thereof.

The defendant pleaded that it received no consideration from the plaintiff for the checks, and it was permitted, over plaintiff's objection and exception, to show that it received no consideration from him therefor. The defendant, however, did not plead, or prove, or offer to prove, that there was no consideration for the issuance of the checks moving to it from Mackenzie, its depositor, or from plaintiff to him. The evidence that the checks were issued at the request of Mackenzie carries with it a presumption that there was a consideration moving from him to the defendant; and it is immaterial whether or not there was consideration as between him and the plaintiff. Hamilton vs. Hamilton, 127 App. Div. 871; Rector, etc., vs. Teed, 120 N. Y. 583; Daniel on Negotiable Instruments (6th Ed.), Vol. 1, § 178; Id. Vol. 2, § 1595a.

The deposition of Mackenzie was taken in England at the instance of the defendant, which, however, did not read it in evidence. The plaintiff read in evidence Mackenzie's answers to four cross-interrogatories, to the effect that, when he instructed the defendant to issue the checks, he also instructed it to "reimburse itself to the extent" of the checks "out of the balance" of his deposit account with the defendant, "or to charge the amount of" the checks against him. It was not shown, nor was any evidence offered to show, the balance to the credit of Mackenzie in his deposit account with the defendant at the time the checks were issued; but his testimony so read by the plaintiff shows that he felt in honor bound to reimburse the bank, and that he so stated to its officers. The president of the defendant testified that he presumed that Mackenzie had a balance in his deposit account with the defendant at the time; but he did not know what the amount of such balance was.

The checks were negotiable instruments (section 20, Negotiable Instruments Law (Consol. Laws, c. 38; Laws of 1909, c. 43); and by virtue of section 50 of the Negotiable Instruments Law there was a presumption that they were issued for value. That presumption was not overcome by evidence that the drawer of the checks received no consideration therefor from the payee, for, as already stated, that was not essential, and a presumption arises on the facts proved that it received a consideration from Mackenzie.

The facts stated show that the defendant, in issuing the checks, relied upon the sufficiency of Mackenzie's balance to the credit of his account, or upon his credit. By thus issuing and delivering the checks to plaintiff, it incurred a direct, primary obligation to him that the drawee would pay the checks on presentment, and in default thereof that it would pay them. Hibernia National Bank vs. Lacombe, 84 N. Y. 367; Riddle vs. Bank of Montreal, 145 App. Div. 207.

The learned counsel for the appellant predicates his principal argument on an erroneous construction of the evidence. He contends that this was not an executed transaction as between Mackenzie and the defendant, and that the defendant, having received no consideration from the plaintiff, was acting merely as Mackenzie's agent, and that its only authority was to have the checks paid by the National Park Bank and then to charge the amount against his account, which authority was revocable. According to the testimony of Mackenzie, the defendant was authorized, immediately on issuing the checks, to

charge them to his account; and there would have been implied authority so to do on issuing the checks at his request. The checks were not his obligations, but the direct obligations of the defendant to the payee.

The checks having been issued and delivered to the payee, the transaction upon which the bank entered at his request was a completed one, so far as the payee was concerned. It does not appear whether the checks were charged to Mackenzie's account, but the rights of the payee could not be affected by the failure of the bank so to charge them. Presumably, on these facts, Mackenzie, for a sufficient consideration moving from the plaintiff to him, had purchased the checks of the defendant for the plaintiff, and caused them to be delivered to him, and, if so, it was beyond the power of Mackenzie or of the defendant to stop payment thereof. See Baruch vs. Buckley, 167 App. Div. 113; Carnegie Trust Co. vs. First Nat. Bank, 213 N. Y. 301; Strohmeyer, etc., Co. vs. Guaranty Trust Co., 172 App. Div. 20.

It follows that the judgment is right, and should be affirmed, with costs. Order filed. All concur.

162 N. Y. Supp. 147.

Surety Bond

MISSOURI.

Liability vs. Bond—Default Covered. Assistant Cashier.

Springfield Court of Appeals—Missouri—December 16, 1916.

CITIZENS TRUST CO. VS. FERGUSON ET AL.

The bond of a bookkeeper or assistant cashier of a bank was conditioned that it should be void if he should well and truly account for all loss of money, or property, notes, or evidences of debt which might be occasioned or caused on account of his willful misconduct or failure to properly protect tne property and interest of the bank. The bookkeeper was inexperienced when he accepted the employment from the cashier of the bank, and, whenever he discovered a discrepancy between a customer's passbook and his ledger balance, the cashier directed him to another series of passbooks kept in a separate drawer for the correct account. In fact, the cashier and other officers had for some time been acting fraudulently, crediting deposits in full on passbooks, but not in full on the deposit ledger. The bookkeeper or assistant cashier was not a party to the fraud, and received none of the proceeds. *Held,* that the bookkeeper or assistant cashier and his bondsmen were not liable on the bond, since his conduct in permitting peculation by others must have been willful to come within the bond, while he had the right to assume that the directors of the bank had performed their duty to meet at least once a month and pass upon the business of the bank, as required of Rev. St. 1909, sec. 1099, and that a committee of stockholders had examined its affairs at least once a year, as required by section 1088.

Action by the Citizens Trust Company, a corporation, against L. A. Ferguson and others. From a judgment for defendants, plaintiff appeals. Judgment affirmed.

STATEMENT OF FACT AND OPINION

Robertson, P. J. This is an action on an indemnifying bond in the penal sum of $5,000 executed by defendant L. A. Ferguson as principal, and the other defendants as sureties, to the Pemiscot County Bank, October 8, 1912, reading, except italics, added for the purpose of reference, so far as necessary to quote, as follows:

"The condition of the above and foregoing obligation is that if the said L. A. Ferguson as assistant cashier of the Pemiscot County Bank aforesaid, shall well and truly account for all money, property of whatsoever, belonging to said Pemiscot County Bank, and which shall come under his control or possession, as said and such assistant cashier of and for said bank, *or if he shall well and truly account for all loss of money, or property, notes or evidences of debt, which may be occasioned or caused on account of his willful misconduct or failure to properly protect the property and interest of said bank,* and shall at all times observe and fulfill the duties and requirements had or made of him by the board of directors of and for said bank,

and shall at any time deliver over to the directors of said bank, any, and all property, money, or evidences of debt, which may come into his possession, or under his control, during the time of his employment as said and such assistant cashier, then this obligation shall be void; otherwise to remain in full force and effect."

The following concerning the bond is in the finding of facts to which reference is hereafter made:

"The minutes of the proceedings of the board of directors of said Pemiscot County Bank show that on March 27, 1912, a motion 'to instruct the cashier to employ temporarily any person that suited him to assist in the bank work' was 'duly seconded' and unanimously carried. Later, probably in July or August, in the same year, one W. H. Johnson was employed, and the bond sued on in this case was prepared for, but not signed by him. In October, 1912, Tindle spoke to defendant L. A. Ferguson about taking employment at the bank as bookkeeper, and agreed to put him in at ninety dollars per month, giving him, at this time, the bond sued on herein, to be filled. The bond was executed under date of October 8, 1912, by L. A. Ferguson, as principal, and his codefendants, as sureties."

Ferguson worked in the bank, doing the work of a bookkeeper, until May 13, 1913, when said cashier resigned. It was then discovered by the board of directors that the business of the bank had been so manipulated that said cashier, and other officers of the bank, had dissipated nearly one-half million dollars of the bank's funds, and up until then had accurately entered the customers deposits on their passbooks, but making the entry on the deposit ledger for a less amount, keeping an account of the difference in a separate place, a particular drawer set apart for that purpose. When Ferguson entered upon his duties in the bank he was inexperienced in that line of work, and for that reason reluctantly accepted the position. He would not discover the method of keeping the accounts of the depositors until he undertook to balance a passbook. When he did this and called the cashier's attention to the discrepancy, he was directed to the drawer for the correct account, or duplicate passbook, of the particular customer whose account was to be balanced. This method applied to only the largest depositors, and it was a custom, as observed by Ferguson, that had prevailed for several years before he commenced work in the bank. There is no pretense that there is any evidence tending to show that Ferguson got any of the funds of the bank, or intended to assist in any fraud upon the bank, unless such facts may be inferred by reason of his failure to report the cashier's conduct to a superior. Plaintiff alleges in its petition that it is the receiver of the Pemiscot County Bank, and that Ferguson colluded and worked together with the cashier and other named officers of the bank for the fraudulent purpose of taking from said bank large sums of money belonging to it and appropriating the same to their own use; that in carrying out said designs Ferguson made the false entries on the bank books, so the other officers and directors were deceived and misled and the shortages concealed. The petition then proceeds to allege false entries, and naming the depositors, to the amount of over $100,000. After the issues were made up the trial court appointed Mr. J. M. Haw, a member of the Caruthersville bar, referee to hear the testimony and to report his findings of facts and conclusions of law. The referee made his report accordingly, and recommended judgment for defendants. Plaintiff filed exceptions to the report, which were overruled, and judgment entered as suggested by the referee. The plaintiff has appealed.

The report of the referee disposes of all the questions of fact and law submitted to him in a concise and clear manner. The burden of the controversy here is on the question as to whether the conditions of the bond should be extended to cover the acts of Ferguson in falling into and carrying out the plan and methods of officers of the bank, in the active charge thereof, in keeping the de-

positors' accounts. We shall assume, without so holding, that such acts were within the terms of the undertaking. The question then follows, and a correct decision of which properly disposes of this case, What portion of the conditions of the bond apply, and did Ferguson breach such portion? We italicized the portion of the bond applicable to the conduct of which complaint is made. This is clear because he did nothing except keep books, and a very few times waited on customers making small deposits no way involved in this suit or questioned, so that it cannot be properly said that any of the money lost ever came under his control or into his possession. The board of directors made no requirements, and he was completely under the dominion of the cashier whose wishes he complied with to the letter. But Ferguson's conduct, in order to hold the bondsmen, must have been, according to the terms of the bond, *willful*, and this plaintiff recognizes by characterizing his acts complained of as fraudulent.

"Bonds frequently provide in effect that the principal shall well and truly or honestly, faithfully, and efficiently discharge the duties of his position. A condition of this kind in the bond of a cashier or an assistant cashier of a bank was held, not only to guarantee the personal honesty of such officer, but also to guarantee his competency, efficiency, and diligence in the discharge of his duties. And while, within the scope of a bank cashier's authority, and so long as he is apparently acting on behalf of the corporation, his directions may control the assistant cashier and teller, and the latter may not be required to look beneath the surface of his superior's acts, still when the assistant cashier is led to believe that the cashier is violating his duty to the bank and is taking its funds for his own ends, irregularly and without authority from the directors, he has no right to aid in, or connive at, such misappropriation, and he is liable on his bond therefor." 3 R. C. L. 481, section 109.

In the case of Cope vs. Westbay, 188 Mo. 638, a quotation as to the high office of cashier is approved that shows that he has properly executed his trust when he has exercised "a reasonable degree of skill, care and diligence."

Considering the age and experience of Ferguson when he went to work in the bank with the cashier who hired him, and that nothing occurred to arouse any suspicion that the cashier was misappropriating the funds of the bank, we think it going too far to assume that Ferguson was acting in bad faith. Besides, the cashier had held that position for years, and had other large interests there. Ferguson was born and grew to maturity in that city. He no doubt had a high regard for the cashier, and would naturally not do anything to question a custom that appeared to have been in vogue there for years and report to members of the board of directors who had ostensibly approved of it. The referee found, and we think properly so, that there was no collusion by Ferguson with the cashier or the other defaulting officials.

Suppose we argue that since Ferguson undertook this work his bondsmen should be held to what an experienced person would likely do under the same or similar circumstances, but that would be answered with the suggestion that the employee had a right to assume that the directors had performed their duty, met at least once a month, passed "upon the business of the bank back to the previous meeting of the board," as then required by section 1099, R. S. 1909, and had observed and approved the manner of keeping a portion of some of the depositors' account elsewhere than on a ledger. He would also have had a right to assume that a committee of at least three stockholders of the bank had examined its "condition and affairs, assets, liabilities and management" not less than once a year, as then required by section 1088, R. S. 1909, and found no reason for complaint as to the method of bookkeeping required of him by the cashier. We are mindful of the fact that the failure of some other officer to do his duty would be no excuse for Ferguson being derelict, but we are discussing what he had a right to assume when

we resort to presumptions of law for a rule by which to measure his conduct.

The finding of facts in a case at law stands before us as a verdict of a jury (State ex rel. John P. Bell vs. United States Fidelity & Guaranty Co., 236 Mo. 352, 375, and Commercial Bank vs. American Bonding Co., 187 S. W. 99, 100), and from what we have said concerning the finding of the referee that Ferguson was in no collusion with the defaulting officers of the bank, it is evident we cannot disturb his finding, and we think it is so clear that neither Ferguson nor his bondsmen can be held to account for anything he did while working for the bank that we must affirm the judgment. It is so ordered. (190 S. W. Rep. 395.)

Liability for Acts of Employee

COTULLA STATE BANK VS. HERRON ET AL. (No. 5745.)

Court of Civil Appeals of Texas, San Antonio. Dec. 13, 1916.

Where one deals with an officer or employee of a bank who at the time represents or holds out that he has authority to represent the bank in the business being transacted, and the dealer in good faith and without notice of want of authority believes the act within the apparent scope of authority, he may enforce the contract against the bank, and where a mere clerk temporarily alone in the bank accepted by telephone a check on a specific fund and promised payment when presented, the bank was liable to the payee.

When a customer makes a special deposit in a bank of funds for the purpose of discharging certain of his liabilities which may be presented for payment, it becomes a deposit which cannot be used by the bank for any other purpose, and is held in the nature of a trust fund, and cannot be used to pay a note due the bank unless so intended at the time of deposit.

Certified Check

CITY OF BRUNSWICK VS. PEOPLE'S SAVINGS BANK

Kansas City Court of Appeals. Missouri, Nov. 27, 1916.

When a bank at the request of the drawer certifies a check before delivery to the payee, the certification does not discharge the drawer if the check is not paid on due presentment, but simply vouches for its genuineness and adds to its ease of negotiation.

If the holder receives an uncertified check, but, instead of drawing the money, has it certified, he discharges the drawer.

If the drawer gets the bank to certify his check, and then delivers it to the holder, who neglects to present it for payment in due course, the drawer is discharged to the extent he suffers by the delay under Rev. St. 1909, Sec. 10156, requiring presentment for payment within reasonable time.

CONNER VS. BANK OF BAKERSFIELD

Supreme Court of California, Feb. 13, 1917.

By certifying a check a bank becomes bound as a direct and original promisor to the payee.

As the obligation of a bank on a check certified by it is one to pay money only, by the direct provision of Civ. Code, Sec. 3302, the measure of damages for breach of such obligation is the amount due by the terms of the obligation with interest thereon.

TALKS ON BUSINESS BUILDING

by W. R. MOREHOUSE

Community or Group Advertising

COMMUNITY or group advertising is attracting considerable attention among bankers, not only because of what it has done in the short time it has been used, but more particularly because of what it stands for. It is a step in the direction of coöperation among banks in the matter of publicity and new business. Until the introduction of community or group advertising, the various new business and publicity activities carried on by banks had been competitive, each bank trying to outdo its competitor. In some cities this brought about a condition of scrambling for business that does not speak well for the banking institutions thus engaged. Under the pressure of competition, banks have been wasteful in the use of their publicity appropriation, launching schemes of doubtful character and using unnecessary quantities of newspaper space. Unfair competition has sometimes resulted, which has had the effect of prejudicing the public against banking methods.

Even though no appreciable amount of new business can be traced to group advertising, the fact that it tends to bring together our bankers in groups, unites them in purpose, and gives them one goal toward which they all move in a solid phalanx, is worth the cost alone.

If we admit without argument that our banks are the logical corporations to advocate thrift, a concerted effort in the form of publicity on the part of bankers is merely a step toward fulfilling that obligation to the people.

Group advertising equalizes the expense of a campaign among all banks to be benefited, which has an advantage over competitive advertising, in which banks that do not advertise are benefited, even if not to the extent of those advertising.

The benefits which accrue to bankers disposed to use coöperative advertising multiply in number and importance as the question is studied from different angles. For instance, community advertising is unimpeachable evidence to the public that the banks stand together, shoulder to shoulder, co-workers and not competitors. With every bank in a community united, the stronger bank supporting the newly organized one with its years of successful banking, the bank with large resources associating in business with the small suburban bank, the people will be inspired with greater confidence.

A STUMBLING BLOCK TO GROUP ADVERTISING

Community or group advertising has one big obstacle to overcome before it can be launched.. Some bankers, when they begin to consider the adoption of group advertising, become suspicious of the real motives of other members of the group.

Much as we dislike to admit it, some

bankers haven't enough confidence in the sincerity of their associates to enter into a campaign with them. They fear that the other bank will receive larger benefits than they.

Many a proposed campaign of community advertising has tripped over the fact that not every bank in a community is favorable to advertising in any form. Such banks, of course, are not interested. As a matter of fact, there is not as much inducement for them to support a campaign as there is for banks that advertise individually in addition to their group advertising. To reap the full benefits of a community advertising campaign it should be followed by individual advertising.

At this writing, group advertising is in its infancy. Let us hope that it will eventually prove itself worthy of a permanent place in the assemblage of effective business-building mediums.

President Wilson Replies to the A. I. B.

The American Institute of Banking received a personally signed letter from President Wilson in answer to their telegram offering their services in the sale and distribution of the great war loan. President Wilson's letter follows:

THE WHITE HOUSE,
Washington.
April 28, 1917.

MR. E. G. MCWILLIAM, President,

I am very much gratified by the generous offer made by you in your message of April 27th, and I thank you warmly for it. I appreciate most heartily this assurance of coöperation and support.

Cordially and sincerely yours,
(Signed) WOODROW WILSON.

MR. E. G. MCWILLIAM,
President, American Institute of Banking,
New York City.

The telegram to which this was a reply, said:

TO THE PRESIDENT,
Washington, D. C.:

The American Institute of Banking, with a membership exceeding twenty-two thousand bankers and bank men of the country, desires to offer you its services for the purpose of assisting in the sale and distribution of the great war loan. This loan must be spontaneously successful.* We all realize that the people of this country as a class are not familiar with investment bonds, and that to insure this success, there must be a vast amount of education. One form of education can be by means of practical talks to men's clubs, employees of factories, department store employees and other similar groups of people. Members of the American Institute of Banking are equipped by systematic education and by actual experience, to make these practical talks. Through its seventy-five chapters, located in the principal cities of the country, the institute quickly and simultaneously can reach a very large percentage of our population. Should you care to make use of our services, we could prepare and start such a campaign immediately. E. G. MCWILLIAM,

President American Institute of Banking.

BANKING SERVICE for WOMEN

What the Service Means

OBVIOUSLY, the major part of the service which banks may render to women will in no wise differ from that rendered to men. But there are some special banking needs which women have, and by attending to these a bank may add quite materially to its number of accounts and the volume of its business.

To begin with, women need, in many cases, to be shown how to transact their banking business. They may lack familiarity with even the simplest operations, merely because they have never made use of a bank's facilities.

The opening of an account is to many persons, women as well as men, a mysterious process that requires explanation. One of the first things to be done, therefore, will be to show the woman depositor how easily and with what little ceremony an account may be opened. The purpose of the bank-book should be explained and the necessity of bringing it along when deposits are made, and also when desiring to make withdrawals if the account is a savings one. Helpful suggestions may be offered as to making out deposit tickets, and sometimes it may be necessary for an employee or officer of the bank to make out the ticket, though this is not a practice to be commended. The depositor will, of course, be told how to deposit any checks she may receive, the manner of making endorsements, etc.

To the woman unaccustomed to banking the check-book presents many difficulties, but the tactful representative of the bank will readily smooth these out. Suggestions may be given as to the method of drawing a check so as to avoid the charge of negligence, the signature, and endorsements. The method of keeping the stubs will also be shown.

These are some of the elementary processes of banking, and they may well be supplemented by a more detailed account of banking transactions in general. Some banks have neatly printed booklets giving clear instructions as to the different phases of banking with which depositors are concerned.

Where a bank is affiliated with a trust company, the services of the latter may with propriety be brought to the attention of women patrons. Women are called on to participate in the administration of estates, to make wills of their own, to receive bequests, and in these relations they require the help which a bank or trust company can afford. If they have real or personal property the bank can furnish extremely valuable service in the management of it.

A woman wishing to make investments will consult the bank or trust company which has previously gained her good will and confidence as a depositor. This is a service that women particularly need. If few men have the skill and judgment enabling them to invest wisely, this is even more true with respect to women.

In addition to these ordinary helps

which banks may offer to women, there are innumerable special services they can render them. The live bank manager will readily see such possibilities. They are not the same in all places and the service will undergo some modification according to the size of the city in which the bank does business and its own particular location. A bank in the great shopping district of New York, or at Washington, Palm Beach or Los Angeles, would have opportunities which need not be enumerated. The service may go far beyond the usual banking routine and comprise a large variety of courtesies, extended to visitors as well as to those resident in the bank's own town or neighborhood. Women are perhaps more appreciative than men of the polite attentions that cost little or nothing, but often save a great deal of time and trouble to others. To proffer a service willingly rather than to wait to be asked and then only grudgingly consent, should be the rule. Whatever power may be exercised by telling advertisements and attractively furnished quarters, after all the real element that draws and holds women to the bank is service, and banking service at that.

The views of an experienced woman banker on the service banks may render to women were thus set forth in THE BANKERS MAGAZINE by Mrs. E. B. B. Reesor, in an article on "Women as Bankers:"

" 'I am greatly in need of some money this morning, but I do not know how to ask for it in a business way,' a lady said to the manager of the women's department in one of our banks shortly after the department had been organized.

" 'Tell me about it, and I may be able to help you,' the manager advised, stopping her work and looking as interested as she felt in the woman with a money difficulty.

"The matter was explained. It took nearly an hour, for all the family relations, shopping, what one said and another did, were some way woven into the recital. But at the end of the time a few words were on a slip of paper:

" 'Mrs.——— has purchased a house. Each payment has been met. Another is due to-day; she lacks ninety dollars. Two hundred and fifty dollars is coming to her on the first of the month.'

"The woman manager knew intuitively that this customer was worthy of accommodation. She took the slip with particulars and placed it before the head official of the bank. A few telephone inquiries, and a note was made out, allowing the customer ninety dollars for one month. Her thanks were profuse.

" 'The obligation is ours,' said the woman manager. 'We are glad that you came to us, and we should like to have your account and enter your name on our books.'

"That was three years ago. That customer now owns her $15,000 rooming house and is buying another. She brought much custom to the bank, and now understands banking methods thoroughly.

"There are thousands of women—hundreds of thousands—wishing to do their business through a bank, but they dread the first interview. That is one reason why nearly every large bank in Canada and the United States has (or is on the lookout for) a capable business woman, manager of its woman's department. It brings business. A woman is quick to grasp what another woman wants to tell, but who does not know exactly how to put it into words. A busy business man seldom reads between the lines. He knows what a customer says, but not always what she means. Women have a way, when worried, of saying just what they don't mean, and meaning the very thing that they neglect to say.

"As yet, comparatively few women go to banks for accommodation, but, as they enter into greater business enterprises, they will naturally ask for all the banking privileges that business men enjoy.

"Miss Harriet E. Morehouse, superintendent of the Women's Department of the Portland Trust Company, Portland, Ore., in a letter telling about her department, says: 'The results have been more than satisfactory. A woman's

department in a bank appeals to every class of woman, from the one of wealth to the maid in the house. Each needs a place where she can talk over business matters in confidence and in an informal way with one of her own sex; where she can be frank; where she can display what she thinks is ignorance (and many of them feel it keenly) without embarrassment. She would hesitate to go to the window, stand in line and ask questions that a busy clerk could only answer briefly, and, in all probability, in a way that she would not comprehend—not being familiar with business and business terms. Many women, who have wholly depended upon their husbands, or some male relative to do their banking, are suddenly left to their own resources and find themselves almost helpless in their ignorance of business method, and to this class, a woman's department of a bank most strongly appeals.' "

The bank renders an extremely valuable service to men in advising them about their business affairs, and women having the responsibilities of caring for property are perhaps in even greater need of such assistance.

Upon the ground of practical usefulness the woman's department has ample opportunities for justifying its existence.

The Pin Perforator

An Instrument Used at the Check Desk of the National Bank of Commerce in New York as a Means of Identifying Checks of Clearing House Banks

By JOHN J. O'NEILL

THE handling of the ever-increasing volume of bank work is, perhaps, one of the biggest problems in financial circles to-day. Banking institutions are always eager to improve the methods pursued in order to facilitate the handling of the work; systems are constantly being revised; new departments created and new devices experimented with, all towards the main objective of completing the work in the quickest and most accurate manner.

One of the foremost of the labor saving devices is the Pin Perforator which has been in use, since its invention, in the National Bank of Commerce in New York, an instrument which though simple in its appearance has proved itself of invaluable assistance in the handling of the large amount of checks daily received from the Clearing House.

The reader is undoubtedly familiar with the enormous number of checks daily handled by the National Bank of Commerce. The bulk of this work comes through the New York Clearing House in the morning exchanges. The items are received in large envelopes bearing the number of the bank through which the clearing is made. Before sending the items through the exchanges the clearing bank places its stamp on the back of each check, which, prior to the introduction of the Pin Perforator, was the only means by which the clearing bank could be identified, although in some instances the prior endorsements might indicate from whence it

came. This made it necessary to examine each individual item at the time of receipt, and before mixing the checks with those from other banks, to see that the bank stamp was present, whereas with the Pin Perforator the items are removed in bulk and perforated, thus making it possible to sort down to accounts and make the examination for bank stamp at the same time as the other endorsements are verified.

The perforation consists in marking the checks with pin pricks according to a code, with which the clerks on the Check Desk are familiar. The following illustration represents a full punch with every pin in operation.

	g.		R.	D.
	g.	.1	.2	.3
H	g.	.4	.5	.6
		.7	.8	.9

The pins marked "g" are the guide pins and always appear in every punch, and indicate the position of the punch on the check. "R" is punched in connection with every single number to make 10, 20, 30, 40, etc., and also to indicate "Reverse," or that the figures should be read backwards. "D" is punched in connection with any single number to indicate its double with 1, 2, 3, 4, etc., to indicate 11, 22, 33, 44, etc. The group of punches on the right of the guide pins is used to indicate any number from 1 to 99 and their group, therefore, stands for units and tenths. The letter "H" at the left of the guide pins is added when the number is 100 or over.

The numbers of the Clearing House Banks run from 1 to 119. We shall take, for the purpose of illustration, No. 45. Only the punches 4 and 5 and the guide pins would appear on the check. If, however, the bank was 54, the same punches would appear, also the punch marked "R," to indicate that the number 45 is reversed to 54. If the number of the bank is 33, number 3 would be punched together with the letter "D," which would indicate that the number is used twice, or 33. Should we wish to signify the National Bank of Commerce in New York, whose Clearing House number is "23," the "pin-pricks" 2 and 3 would appear with the guide pins. Numbers over 100 are indicated in the following manner: The letter "H" would appear together, as usual, with the guide pins, and the number of the bank to be stamped; for example, with No. 119, "H" with the number 1 and 9 would be the arrangement.

From the foregoing illustration it is plainly evident that this appliance is invaluable in the saving of time and labor, without in the least manner mutilating the appearance of the check, in fact, the perforation is not apparent, except upon a very close scrutinization. As a proof of the efficiency of this apparatus the National Bank of Commerce in New York have purchased three additional machines from the American Perforator Company to add to those already on hand.

Advising the Banks

TIMES like the present are apt to call forth an unusual amount of advice from public officials charged with the supervision of the banks of the country. Most of this advice is good and calculated to make the banks more prudent in conducting their operations, and no one can deny that the greatest prudence is desirable in these days. But this quality is one which most bankers have acquired as a matter of experience. The rule of thumb, the text book and official counsels of perfection must all be adapted to the time, the place, the circumstances, and especially to the conditions and peculiarities of the manifold clients of the banks. They are a numerous lot. Some of them haven't a dollar's worth of bonds, stocks or anything else to put up as collateral, and they might come to New York and wander through the great banks in search of a loan with no success whatever. But out at Hickory Run or Grigsby's Corners they can get all the bank "accommodation" they want. Maybe their loans are not entirely liquid—if their banker told them that he must keep his loans "liquid" they probably wouldn't know what he meant—but they do pay a little on their loans (sometimes) and many of them are good as gold, and better.

The Commissioner of the Department of Insurance and Banking of the State of Texas has recently addressed an advisory letter to the banks and bankers of that state, which contains many excellent suggestions. They are thus summarized by the Commissioner himself:

"Do not rock the boat.

"Do not try to do all the business, but permit your neighbor to share the same, realizing that if he shares the business, he also shares the responsibilities and liabilities thereof.

"Do not be too free with credit. By following this rule you may be less popular, but you will have more money and people will have more respect for you.

"Do not expand the volume of your loans, but rather contract them, remembering 'safety first.'

"Make no loans without ample, solvent and realizable security.

"Make no long time loans, but keep your money where you can get it if you want to within a reasonable time.

"Make no loans for capital purposes or any other purpose that means permanent investment, but on the contrary, keep your loans in the greatest possible condition of liquidity.

"Do not permit speculators to do business with your bank. Drive them out.

"Do not pay high rates of interest for deposits, as such encourage looseness in granting credit in order to employ such deposits profitably.

"Do not borrow or rediscount if you can possibly help it, and if you are forced to do this, do as little of it as possible. It is dangerous as tending to encourage undue expansion of your own loans, and besides you can't pay six per cent. for money and lend it at eight and ten and make any profit out of the transaction.

"Familiarize yourself with the banking laws, and live strictly within them, for they will be strictly enforced by this department against all men without fear or favor."

This is generally excellent advice and the banks of Texas and all other states might follow it with profit and safety. As to the suggestion to contract loans rather than to expand them, some doubt may be felt. It is difficult to see how, under present conditions, a considerable expansion of bank loans can be avoided. Business must be done under pressure from now on, and this will call for a greater volume of bank credit. Under the circumstances, would not a wise and sound policy of expansion be better than a policy of contraction? This is a matter which the bankers of the country, acting in concert with their dealers, will no doubt determine for the best interests of all concerned.

Governor of the Bank of England Talks About the War

THE Governor of the Bank of England, Lord Cunliffe, has been visiting the United States with the British Commission, and while in New York was entertained at luncheon by the Chamber of Commerce. In the course of a brief talk on this occasion, Lord Cunliffe said:

"In my opinion London should not now depend entirely on the United States. They should continue, as far as they are able, and to the end of their bent, to ship you gold, to sell you securities, and try by every means in their power to pay fairly and squarely the debts that they have incurred in this country. (Applause.) That will at any rate be my endeavor, and I think that for our own sakes it is most important that we should strive as far as possible to keep money here cheap, in order that we may borrow it from you.

"I did not intend to smile. I was quite serious. Cheap money means good trade, if it is not too cheap, and although I do not believe in a great war like this in the saying, taken literally of business as usual. I do not think that as far as you are able and it is possible you should strive to carry on the great trade of this country, again not only for your own sakes, but for ours. I will be very sorry, as far as our financial problems are concerned, if we do anything to reduce or curtail the trade of this great nation.

"I arrived in Washington just before the taking in of the Federal Reserve Bank of this vast $200,000,000 a fortnight ago. They were good enough to go through with me the means they had taken not only to withdraw the money from the market, but to replace it on the market without delay. Gentlemen, the arrangements were so complete that I had not a word or a hint of a suggestion to give.

"It proves how extraordinarily complete those arrangements were that the money rate here in New York in the morning was two per cent., in the middle of the day it rose to four per cent. and in the evening it went back to 2½ per cent. What more splendid financial transaction could be accomplished?

"Now, I am afraid I have delayed you a long time, but I would make this remark, gentlemen: Do not fall into the error which we did at home of underrating our foe. I am afraid we did so at the beginning. Financially I am certain that we did. Our foe was well prepared. They had all their economies well cut out, planned, and everything ready, meat tickets and bread tickets.

"If we had only taken the thing boldly up during the first few months of the war we should be in a vastly better position to-day. Of course the same thing does not apply to you here in America, because you support yourselves and more than support yourselves with foodstuffs and the other necessaries of life. We have to buy it all from you and from other countries. Therefore, it is very much more important for us to economize than for you.

"Still, I would venture to remind you that nobody knows how long this war is to continue, and that if you are to put up the notice, 'Business as Usual,' I would suggest that extravagancies should not be as usual.

"From the beginning of this war I tried to gauge the American mind, that sooner or later we should all be together. At times when that awful bugbear, the exchange, was going against

us, and I hardly knew what to hope, I must say that there were times when I asked myself, Could I be wrong? Could I have wrongly gauged the American heart? No, gentlemen, I am thankful that I was right, that we are here and here we are to remain, not only the business people, but our soldiers and sailors, fighting shoulder to shoulder with one great object; namely, to bring this terrible war to a glorious and definite termination."

Book Reviews

Unified Accounting Methods for Industrials. By Clinton E. Woods. New York: Ronald Press Co.

This book presents a unified method of accounting which, it is thought, will furnish an accurate instrument for measuring results.

"It is in the form of a detailed accounting system," says the author, "fitted to every element in a business, governed in turn by a set of controlling accounts—no more expensive to install and operate than the fragmentary systems used in most factories to-day, but with benefits a hundred-fold more, as any manufacturer who will study them can understand for himself."

Mr. Woods, who is advisory engineer of the Remington Arms Union Metallic Cartridge Company, has written this book after an experience of twenty years with concerns employing from half a dozen men to twenty thousand.

Making Money Make Money, or a Primer of Investing. By H. L. Barber. Chicago: A. J. Munson & Co.

"Money makes money, and the money that money makes, makes more money," so said Benjamin Franklin, and in "Making Money Make Money," ways and means are set forth.

This book is interested not only in the banker's making money for his bank, but also in his encouraging and assisting his clients to make money—not only in making money through the operation of their enterprises, but also by making money by so investing their savings, or surpluses, that such money may make more money.

To such it affords an abundant source of information of how they can serve both bank and client, and so add to the economic wealth of the nation.

Elements of Business Law. By Ernest W. Huffcut. Revised by George G. Bogert. Ginn & Co., Boston.

This book purposes to state as concisely and clearly as possible the leading and fundamental principles of business law, and in place of extended abstract explanations of them to substitute simple concrete examples showing them in their actual application to business transactions.

Original edition published 1905. Revised and enlarged by George Gleason Bogert, 1917.

The Business of Trading in Stocks. By J. T. Brand. Magazine of Wall Street, New York City.

The volume is not entirely new, but has lately been revised by the author

so as to meet the conditions brought about by the war markets.

The point of view adopted is that stock trading is a special technical branch of speculation, capable of being discussed as a serious business proposition and conducted along sound business lines.

These views represent the conclusions arrived at after more than thirty years' trading experience.

GRASPING OPPORTUNITY. By Nathaniel C. Fowler, Jr. New York: Sully & Kleinteich.

This book is written for the employee rather than for the employer. Suggests what the employee should do to better his condition, to gain promotion, to receive an increase in salary.

It not only tells one how to achieve success, but also warns against the many pitfalls which may prove a detriment.

SELLING YOUR SERVICES. By The Sales Service Co., New York.

Suggestions are given for strengthening the entire "approach," as it is called in selling, and for "closing the sale" if the position seems to promise a business connection mutually satisfactory to employer and employee.

It is believed that by following the suggestions given the average man will improve his chances of getting a hearing and finally, of securing the job for which he is best suited.

PRINCIPLES OF ACCOUNTING. By Stephen Gilman. La Salle Extension University, Chicago.

The purpose of the book is not to promulgate the specialized treatment of any particular phase of the subject, but rather to present the basic principles of the science of accounting in a graphic and comprehensible manner.

While it is not believed that any text on accounting principles would prove inappropriate for the layman, the book has been written primarily for those having some training or experience in the art of accounting.

RAILROAD VALUATION. By Homer Bews Vanderblue. Houghton Mifflin Co.

The volume details the value of a plant from the physical viewpoint, the cost of the land and of its preparation. The value of "capital goods" is considered, including contingencies, expert opinion, overhead charges and depreciation. Some space is devoted to "maintenance of the investment," the value of "good will," etc. Summarizes in conclusion the different elements of profit in "Return to the Railroad."

A scientific study of one of the most pressing problems now before the Interstate Commerce Commission. Second prize essay in the Hart, Schaffner & Marx contest in economics.

An 8-page bibliography and index.

WOOL INDUSTRY. By Paul T. Cherington. A. W. Shaw & Co., Chicago.

The book strikes into the very heart of marketing and purchasing problems. It discusses conditions in the distribution of cloth and the interaction between these market conditions and the problems of the mill. Similarly the conditions of raw-material buying are examined and the tendencies in purchasing outlined. Manufacturers, wool merchants, dry goods jobbers, department store executives and many others connected with the wool industry cöoperated to make this investigation a complete and accurate survey of the commercial problems and tendencies of the whole industry.

Emancipated Russia

By Rodney Dean

Events in Russia have of late attracted unusual attention and interest, and in view of the present situation that country has become of exceptional importance to the banking and commercial interests of the United States as a field for investment and trade. Preliminary to a consideration of purely business aspects, it has been thought best to study briefly general conditions in Russia. Fortunately, Mr. Dean writes from first-hand information, having been in Russia for some time as a representative of the National City Bank of New York.—Editor.

I. THE COUNTRY AND THE PEOPLE

I BOARDED the Kislovodsk express for the South at Petrograd one evening last summer. The next morning we were in Moscow, the Heart of Russia, and former capital of the Tsars. Then for two days the train sped southward, through the manufacturing towns of Tula, Orel (pronounced Aryol), Kursk, and Kharkoff; past hundreds of miles of fertile prairie, down to Rostov-on-Don, at the head of the Sea of Azoff. In a few more hours I saw from the car windows the snow-capped peaks of the Caucasian Mountains, and knew I had travelled to the southernmost boundary of European Russia. These peaks were the first marked change in the appearance of the country I had seen in fifteen hundred miles. For with the exception of a few such narrow strips of mountain range along its boundaries, all Russia is practically one vast plain, varying only in character according to latitude. In the far north are tundras —frozen, desolate marshes; then comes a great timber belt; and in the south a fertile grain country.

The climate, too, varies remarkably little, considering the country's great range of latitude. In all sections of European Russia, except the extreme south, the winter is long and cold and the summer hot. Unfortunately, the climate of Petrograd, that part of the Empire best known to foreigners, is unpleasant, being cloudy and rainy for a large part of the year. During certain months of the fall and spring the sun hardly ever appears. But, contrary to general belief abroad, it is very seldom uncomfortably cold

A. F. KERENSKY
Minister of War, formerly Minister of Justice

out of doors, as the extreme temperature is usually unaccompanied by wind. The wind-swept streets of New York or Chicago in winter are far less bear-

A. J. SHINGAREFF
Minister of Finance, formerly Deputy from Petrograd

able than the still, dry January cold of Petrograd or Moscow. In general, the "dangers" of the Russian climate are much exaggerated.

However, in spite of all the guidebooks I had read, which spoke reassuringly of the "overheated" Russian houses, I never found one Russian interior that could be called heated, according to the effete American standard. There were double windows, sealed tight in midwinter; and enormous white-tiled Russian stoves, which gave the impression that one was warming one's self at a shower-bath. But the rooms invariably had a piercing chill, and necessitated wearing the warmest possible clothing in order to approximate any degree of comfort.

On my several trips to and from Russia I have always gone via Scandinavia. Since the war there have been but three transportation routes to Russia: (1) via the port of Archangel, on the White Sea, which is ice-bound in winter; (2) via the Pacific Ocean, Vladivostock, and the Trans-Siberian Railroad; and (3) this Scandinavian route, by rail from Stockholm around the northern end of the Gulf of Bothnia, almost up to the Arctic Circle, and then down through Finland to Petrograd. This last route has been perhaps the most popular, but recent international developments have so disorganized the steamship and railroad facilities as to make it almost impracticable. In the ordinary course of events, therefore, the only safe door into Russia next winter for men or merchandise would have been Vladivostock. However, the Russian Government has since the out-

N. V. NEKRASOFF
Minister of Ways of Communication, Russian Provisional Government

break of the war constructed a railroad to an ice-free port on the Arctic Sea, and this Murman Railroad is now in operation for the transport of munitions and other supplies. At the end of the war, of course, normal transpor-

tation routes will be resumed, and it will again be possible to travel by express train to Petrograd via the Continent. Moreover, it will be possible for ocean liners to sail direct from New York to Petrograd, which has been delayed in its development as a seaport by the war.

OUTLINE OF RUSSIAN HISTORY

A slight knowledge of Russian history is essential to an understanding of present conditions in that country and the future possibilities there. For a thousand years Russia has been under an iron despotism. In the ninth century, says the legend, the people who inhabited the great and chaotic country invited three brothers from the neighboring land of "Rus" to rule over them and establish order. From that year to this Russia has been crushed by a succession of tyrannies. It is true that in the earliest period of Russian history the ruling princes of Novgorod, a town at the head of one of the independent principalities, had a hard time of it at the hands of the democratic citizens. But unfortunately for Russian democracy, it was not republican Novgorod, but monarchical Moscow, which was to take the lead in Russian history, and so the spirit of Russian liberty was stifled in its infancy.

This earliest period was brought to a close by the invasion of a "Golden Horde" of Mongolian Tartars in the early part of the thirteenth century. For over two hundred years they exacted tribute from the unfortunate Russian princes, whom they compelled to make perilous pilgrimages to their own Tartar towns far in the East, from which they maintained a sort of absentee rule. Finally, however, these invaders were definitely defeated and expelled by the army of Ivan III, the founder of the Tsardom of Muscovy.

Russia was now freed from the tyrannies of the foreigner, but not from those of her own rulers. The succeeding period of Russian history, which contained

the reign of terror of the infamous Ivan the Terrible, was perhaps the darkest and bloodiest of that oppressed empire. This Tsardom of Muscovy (so called because of the establishment of Moscow as its capital) was nevertheless brought to a close by the reign of Peter the Great, who wrought far-reaching changes in Russia's internal and external affairs, and made a beginning of the modern empire.

Only a little over two hundred years ago Peter, as a climax to the reforms he forced on an unwilling people, built the city of St. Petersburg as a new capital, a "window toward Europe." The site he chose, however, was in many ways not an ideal one for a great metropolis, situated as it was on the unhealthy marshes where the River Neva flows into the Gulf of Finland. Enormous numbers of piles had to be driven into the unstable ground for foundations, and the cathedrals and other large buildings literally rest on forests. There is not a building in the city today over seven stories high.

The building of St. Petersburg, now Petrograd, marked the beginning of the modern empire, which collapsed last March after two more centuries of terror and assassination.

Russia has now freed herself, however, by one of the most remarkable and bloodless revolutions the world has ever known. The revolt itself was a surprise to no one who had really "gotten under the skin" of Russian affairs. The conflict between the bureaucratic, pro-German government and the democratic, patriotic Russian people had become too

PRINCE GEORGES E. LVOFF
Premier and Minister of the Interior

sharp. When I arrived in Petrograd in September, 1915, it was daily expected that the Tsar would prorogue the Duma, and that if he did, rioting and possibly

revolution would certainly follow. The Duma was duly prorogued, but nothing unusual happened. At that time the Imperial Russian Government still had its finger too closely on the pulse of popular feeling to make a mistake. Again, at one time during the war the government considered establishing the old iron "preliminary censorship" of the Russian press. Popular indignation ran high. The conflagration was smoldering. Whereupon the government issued a proclamation denying the "malicious rumors" of a preliminary censorship, and the crisis was once more averted. So that to me the surprising feature of the recent events of Russian history is that the bureaucracy for once mistook the temper of the people and exhibited such fatal obstinacy. The Tsar must have been grossly misled by his advisers.

WHAT OF THE FUTURE?

Now that Russia has dethroned her tyrants, what form will her freedom take? Until the remarkable circumstances surrounding the recent abdication of the Tsar Nicholas, I should never have believed a republican form of government possible for Russia. I had been too deeply impressed with the religious veneration which the peasants, the great mass of the Russian people, felt for their ruler, and I should have supposed that a constitutional monarchy was the logical outcome, with a figurehead Tsar. So that to me it was of the deepest significance to read in the cable dispatches from Russia that at the Tsar's farewell to his empire at Tsarskoe-Selo ("Imperial Village"), none of the troops drawn up cheered their deposed monarch. If the attitude of the people—and the Russian army is now of the Russian people—has indeed changed to such an extent, it must be attributed directly to the educational influence of the war, which has taken them out of their peasant villages and brought them into democratic contact with countless western innovations in manners and ideas.

For the Russian peasant is not, as is generally imagined, unintelligent. Illiterate he has been, indeed, because of insufficient opportunity afforded for education. But he has an active mind, which, once freed from the stupefying influence of vodka, is quick to grasp new principles.

M. V. RODZIANKO
President of the Duma

The Russian masses are above all devout. Religion with them is not a thing of Sunday observance alone, but a part of their daily life. Everywhere there are the ikons, or sacred pictures of Christ or the Virgin, with only the head and hands of the subject showing through a layer of gold, often thickly studded with jewels. A Russian's ritual demands that he remove his hat and cross himself many times whenever he passes one of these ikons, or a church, and he performs this rite conscientiously even when riding on a tram-car. An "izvorschik," or droshky driver, will doff his hat and make several rapid motions across his breast as he is speeding past a cathedral, deftly manipulating hat and reins with the other hand.

This religious quality of the Russians naturally involves a strong strain of superstition. As to the ikon again, you may not be so disrespectful as to turn your back on it. On no account may you whistle in its presence. Whistling under any circumstances, moreover, is frowned upon as bringing the worst of luck. Only the most Europeanized of the upper classes indulge in it. A newly-arrived American friend of mine once came out of his hotel and in his youthful exuberance whistled for a cab. All the "izvorschiks" in sight immediately whipped up their horses and drove off at top speed, leaving him gasping in astonishment on the curb.

Needless to say, a people at once so religious and superstitious are primarily simple and childlike. These qualities are very lovable ones. I think the following incident is an excellent illustration of the Russian temperament.

Once, while driving at top speed along a side street, my izvorschik suddenly turned his horse's head toward a group of young girls who were standing chatting near the curb. Of course, they hastily scattered—but all laughing heartily at the amusing trick. I tried to imagine the same thing as happening in America, but failed utterly.

The newcomer to Russia finds a smattering of the language essential. At first glance this seems a superhuman task. The Russian language, which belongs to the Slavonic group, has an alphabet of thirty-six letters, and is highly inflected. It has several dialects—chiefly the official language, or "Great Russian," and "Little Russian," which is spoken in parts of the south and southwest. However, it is not so difficult as is generally supposed. It is easy to acquire enough stock phrases to make one's way around town easily, bargain with izvorschiks, etc., but to learn to speak Russian fluently takes a very long time. I know of Englishmen and Americans who have lived in Russia for ten or fifteen years and studied the language diligently all of that time, and who do not consider that they can speak it yet. Though it might be called with justice harsh and guttural, it has a rather pleasant sound.

To go back to the ethnical type in Russia, the same North Russian Slav type has been maintained with striking uniformity throughout the empire for over a thousand years. This is probably due to a variety of causes, chiefly the Slav numerical superiority over the races with which they have come in contact, and also certain tribal customs discouraging miscellaneous mixing with foreign elements. The Russian peasant is almost always a magnificent physical specimen—six feet or more in height, of the rangy, powerful type. It is the testimony of those who have nursed these Russian peasant-soldiers back to health, when wounded, that never before have they seen such rugged constitutions, so free from any taint. Thus equipped in mind and body, who can doubt that an era of marvelous development awaits the Russian nation, freed from the shackles of the past?

American and Japanese Co-operation in China

IN the editorial section of this number of THE BANKERS MAGAZINE the suggestion is made that Japan and the United States might act together with advantage in the development of China. A contrary opinion was expressed by Professor Jeremiah W. Jenks in a recent address at Milwaukee, from which the following quotation is made:

"The China of to-day is a modern, very progressive country. The rate of progress in China is easily equal to that in the Philippines, which I visited on

two trips to China. While we have been justly admiring and praising the Japanese on their recent development, the progress of China in the past dozen years has been as great as that of Japan at her very best. China is no longer in leading-strings; she is as awake as any nation on earth. She is truly republican in spirit, even more so than in form, and is determined to run her own affairs along modern lines.

"The Japanese have been making especial efforts for the past few years to make themselves well known and admired by Americans. Their campaign has been well financed and skilfully conducted, so as to emphasize their good qualities. It is a wise and proper policy; but in connection with it they have tried to persuade American business men to help them to develop China, asking us to furnish the money while they provide the knowledge of China, the assumption being that the Chinese have not the ability to manage their own affairs, even if they have the money.

"The people in China who know the Chinese best are of the opinion that, if Japan and the other foreign nations will stop their acts of aggression and interference in Chinese policies and in the making of Chinese laws, the Chinese will have the strength and ability to manage most of their own affairs. Even now if they need assistance they are fully competent to choose and need not accept dictation.

"Americans need not act through the Japanese, but should help the Chinese directly to develop their country unless they themselves wish Japanese aid. It is the universal testimony of those who know both intimately that the Chinese are fully as capable and as intelligent as the Japanese. The main difference has been that the Japanese have had a powerful army and navy. They have used threats and force to compel China to yield. Where the Japanese are in control in Manchuria, despite treaties

and assertions, they have not maintained the 'open door' as Americans and English business men understand that expression. The Chinese dislike Japan and are suspicious of her motives. For Americans to deal through Japan is to hamper themselves needlessly. Americans have a remarkable opportunity to help China with profit to themselves and benefit to all nations interested in the Far East; they should take it promptly and firmly."

The New York Land Bank Act

A Law That Failed, That Has Impaired Safeguards of Savings and Loan Associations, and That Ought to be Repealed or Tested as to Its Constitutionality

By R. INGALLS

ONE of the most ineffectual pieces of legislation enacted for rural credits during the past four years is the act creating the New York Land Bank. This concern enjoys advantages usually accorded only to religious, benevolent or charitable institutions, while Deputy Superintendents of Banks voluntarily work as its publicity agents. So it has become the most highly privileged corporation operated for profit in the state. Its capital, irreducible below $100,000, may be indefinitely increased above that figure. Only savings and loan associations can hold the shares, and only members of such shareholding associations can serve as directors or officers. It was organized by a small minority of existing associations under an unjust provision of its act, which authorized the Superintendent of Banks to give its charter to ten or more of them having $5,000,000 of aggregate resources.

The powers of this peculiar corporation are: To receive money or property from any association, corporation or individual within or without the state and to repay or return the same, with any increase thereof, at any time fixed or uncertain, i. e., apparently to receive deposits and to do a sort of trust-company business; to invest its capital and funds in first mortgages of real estate situated within the territory in which its stockholders are authorized to make loans, i. e., within the State of New York, and that part of New Jersey lying inside of fifty miles of New York city; to lend money to savings and loan associations upon their promissory notes, with or without collateral; and to issue bonds upon the security of first mortgages taken from such associations and trusteed with the State Comptroller. The bonds may have a circulation of twenty times the capital and be redeemed at a premium.

Such powers do not, of course, have any connection whatever with the true functions of a savings and loan association. But whether they make the Land Bank an ordinary bank, a savings bank, a trust company, an investment company, or a personal loan company, is not clear, although it would seem to be similar in some respects to each one of these classes. Without doubt, however, it is a private corporation engaged in a private undertaking and possesses exceptional privileges. Among these are non-taxability, both as to itself and to its bonds, capital and funds; preference as a creditor in certain circumstances; the services of the State Comptroller as a trustee of the collateral for its bonds; the participation of the Superintendent of Banks in framing and amending its by-laws; the requirement that the by-laws of all savings and loan associations hereafter incorporated shall contain a clause about membership in it; and the legalizing of its bonds as an investment for such associations and savings banks.

The only apology for this extraordinary legislation was that it would afford farmers a steady volume of forty-year money at three or four per cent. Although ample time has elapsed for a

trial, the New York Land Bank has made but twenty-six loans on the 215,597 farms in New York, saying nothing of the number of farms in its New Jersey territory, while the period of mortgages has not been lengthened at all, nor has the interest rate on farm loans been reduced. Not until after it had thus failed to subserve its real purpose did the Land Bank set itself up as a central bank for the savings and loan associations. Only forty-six of these, however, have joined it and they are mostly located in the metropolitan district.

So the Land Bank has not attained success in either its intended or assumed role. This being the case, it might be well to consider to what extent it is affected by these clauses in the State constitution:

"No private or local bill * * * shall embrace more than one subject, and that subject shall be expressed in the title. (Art. III, Sec. 16.)

"The Legislature shall not pass a private or local bill * * * granting to any private corporation, association or individual any exclusive privilege, indemnity or franchise whatsoever; granting to any person, association, firm or corporation any exemption from taxation. * * * (Art. III, Sec. 18.)

"The Legislature shall have no power to pass any act granting any special charter for banking purposes. (Art. VIII, Sec. 4.)

"The Legislature shall by general law conform all charters of savings banks and institutions for savings to a uniformity * * * and all charters hereafter granted for such corporations shall be made to conform to such general law; and no such corporation shall have any capital stock, nor shall the trustees thereof, or any of them, have any interest whatsoever, direct or indirect, in the profits of such corporation, and no director or trustee of any such bank or institution for savings shall be interested in any loan or use of any money, or property of such bank or institution for savings. (Art. VIII, Sec. 4.)

A bill or law is private when it applies only to one or more designated persons. Was the act creating the "Land Bank of the State of New York," according it high privileges, and granting the charter for it to certain savings and loan associations, designated by the Superintendent of Banks, passed upon a private bill? If so, the act is by the force of these clauses clearly unconstitutional because the Land Bank and the associations are private persons, while the charter is an exclusive franchise for the reason that no two corporations can legally have the same name or naturally the same identity, and tax exemptions are expressly granted. Some say no, because the bill was embodied in the bill that was passed in 1914 as the general revision of the banking law. Others say yes, because the subject-matter treated is what determines whether legislation is general or private. If the latter contention is correct, then the legislature in this case would seem to have done exactly what the constitution forbids, that is to say, passed a private act under cover of a general law. It may be noted that the bill for the general revision has a title that made no mention of the Land Bank and that this defect, if any, can not be remedied by construing subhead to Article X of the revision as a part of it, because that subhead expresses two subjects—savings and loan associations and the Land Bank.

That the charter is special is beyond dispute. That it is for banking purposes is indicated by the powers granted and by the fact that the act gives the Land Bank the name of a bank, places it among banks, and subjects it to the supervision of the Superintendent of Banks. Indeed, the act not only does this, but also refers to it as an "institution for savings." Nevertheless, the Land Bank has a special and peculiar charter, not conforming at all to those obtainable under general laws. Moreover, it has a fund which the act defines as a capital and which is, in fact, a capital stock, because it is divided into shares entitled to dividends. Also every director is necessarily liable to be interested in loans and profits, be-

cause of the provision requiring him to be a member of some association which holds shares and whose only object for buying the shares is to qualify itself to borrow money from the Land Bank to lend to his fellow members. It may be noted here that the shares involve double liability, while the constitution expressly declares that the shares of a bank shall have a liability equal only to their face.

The term "bank" as defined in the banking law is "any domestic moneyed corporation, other than a trust company, authorized to discount and negotiate promissory notes, drafts, bills of exchange, and other evidences of debt; to receive deposits of money and commercial paper; to lend money on real or personal security; and to buy and sell gold and silver bullion, foreign coins or bills of exchange." That is to say, this is what the legislature has defined a bank to be. But the courts are not bound by definitions made, as this one was, by the legislature after the adoption of the constitution. Otherwise, they would be surrendering their own especial right and be permitting the legislature to define any clause out of existence. In construing the constitution, the courts are guided by the generally accepted meaning of the English language, and use such subsequent statutory definitions only as they serve to throw light upon intentions. However, the question is not whether the Land Bank is a bank or not, but whether any banking purposes were granted by its charter? If the charter grants even one such purpose, the constitution would seem to be violated. The definition in the banking law may be helpful in settling this point.

Besides these major points, there are others arising from the clauses in the constitution that forbid the credit or money of the state to be used in aid of any private persons or undertaking. They seem to be violated by obliging the State Comptroller, who is a government official and paid by the state, to use his office, time and services as a trustee for the bondholders. The act shows by its title that it was passed by three-fifths, instead of by a two-thirds vote, that is to say, by one-fifteenth less than the constitution requires for laws granting the use of public funds or credit to private persons.

The Banking Department is aware of all these points and of the fact that the act has failed of its purpose and made a questionable alteration in the law for savings and loan associations. Nevertheless, without having first submitted the matter to the Attorney-General, certain deputies in the department are using their influence in behalf of the Land Bank, although they have no more right or duty to help this bank than any other private corporation under the department's supervision. They were especially active in amending the act so as to legalize the bonds as an investment for savings banks and, if report be true, in advising savings banks to buy the $450,000 bonds that have been issued.

The constitutional point has been raised that this amendment confers a special privilege on the Land Bank, without making mention of this fact or the bank in the title. Nobody, of course, can at this stage say that the act or the amendment is unconstitutional. But where would the bondholders be if the courts should sustain any of the objections? And cannot any member of an affiliated association bring the suit to test the lawfulness of using the trusteed mortgages for paying either the principal or interest of the bonds? This offers rather too wide a field for multifarious and vexatious litigation, when it be considered that any depositor of a savings bank, holding the bonds, might also be able to raise a question as to the legality of the investment. So a movement is now afoot to have the legislature remove doubts. But this would better be left to contract among the parties directly interested. The savings and loan associations ought to be warned against any further efforts to tamper with their law.

If there be more legislation, it should

be directed to repealing the act and restoring the law for savings and loan associations to what it was before 1914. The act is useless and confusing as regards rural credits, in view of the Federal Farm Loan Act, while as to savings and loan associations it stands as a menace tempting them to depart from true coöperative principles and conservative methods. This results from certain changes which authorize such associations to contract debts and guarantee bonds up to 100 per cent. of their mortgage securities and to lend on lands not improved or fit for human habitation. Their law, as it formerly existed, went the limit in these particulars, but it was made worse. A savings and loan association is no longer required to finance itself solely by members' shares. It may seek money from outside sources, pyramid on its credit, and entirely do away with its savings and home-building features.

Thus vital essentials and statutory safeguards were abolished. And, instead of remaining local and adhering to the business of encouraging thrift and of building homes for members, these associations are now legally able to become large and unwieldy and to repeat the practices which led to such bitter experiences twenty-five years ago when the rage for big associations and "nationalism" had the upper hand.

The bonds of the Land Bank already issued are said to bear the indorsement of the Comptroller of the State, certifying that they are secured according to law. Such certification is not authorized, much less required, by the act. If made, it is an unjustifiable use of the State's name and credit that cannot but mislead investors into the false belief that they are buying securities guaranteed by Government. So it ought to be forbidden by the proper public authorities without any further delay.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will Co., National Bank, Joliet, Ill.
American National Bank, Richmond, Va.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., publicity manager, City National Bank, Evansville, Ind.
Bailey, C. W., cashier, Southern Trust Co., Clarksville, Tenn.
Bank of San Rafael, San Rafael, Cal.
Bankers Magazine, The, New York.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Beerbower, C. W., National Exchange Bank, Roanoke, Va.
Berger, H. C., Marathon County Bank, Wausau, Wis.
Bickford, E. L., cashier, First National Bank, Napa, Cal.
Bollman, H. C., assistant cashier, First National Bank, Collinsville, Okla.
Bradham, R. A., cashier, The Commercial and Savings Bank, Sumter, S. C.
Branham, D. R., 6252 Leland Way, Los Angeles, Cal.
Brannen, Jesse E., cashier, First National Bank, Westwood, N. J.
Brooks, T. J., cashier, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Buchanan, J. A., Guaranty Trust Co., Lancaster, Pa.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn. National Bank, Chester, Pa.
Burwell, Stephen L., vice-president, First National Bank, Jackson, Miss.
Bush, A., Jr., Ladd & Bush, bankers, Salem, Ore.

C

Citizens Bank and Trust Co., Tampa, Fla.
Citizens National Bank, Oconto, Wis.
Commercial Bank, Midway, Ken.
Copp, H. Reed, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
Cory, Arthur S., Chehalis National Bank, Chehallis, Wash.
Craig, David, Tradesmen's National Bank, Philadelphia, Pa.
Critchell, L. S., publicity manager, Guaranty Trust Co., New York City.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.
Currey, Bradley, c/o Fourth and First National Bank, Nashville, Tenn.

D

Dalby, H. A., Naugatuck Savings Bank, Naugatuck, Conn.
Davenport, C. M., manager new business department, Bank of Italy, Los Angeles, Cal.
Dexter Horton National Bank, Seattle, Wash.

Durham, T. R., assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eherspracher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

F

Farmers' and Mechanics' National Bank, Philadelphia, Pa.
Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.
First National Bank, Lead, S. D.
Franklin Society, 38 Park Row, New York City.
Frieden, Ben W., 334 Davidson Building, Sioux City, Iowa.

G

Gavere, H., assistant cashier, Scandinavian-American Bank, Grand Forks, N. D.
German-American Bank, Springfield, Mo.
Gooden, B. P., Mercantile Bank of the Americas, New York City.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hamsher, C. F., First National Bank, Los Gatos, Cal.
Hann, Victor F., manager publicity department, The Fifth Avenue Bank, New York City.
Hansen, J. W., cashier, Citizens State Bank, Sheboygan, Wis.
Hardee, D. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
Harper, W. A., Lumberman's National Bank, Houston, Tex.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hill, John R., Barnett National Bank, Jacksonville, Fla.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hokanson, N. M., State Bank of Chicago, Chicago, Ill.
Howard, L. M., vice-president, Continental Bank and Trust Co., Shreveport, La.

J

Jarvis, Charles D., c/o Savings Bank of Utica, Utica, N. Y.
Jenkins, W. L., Farmers and Mechanics Trust Co., West Chester, Pa.
Jessup, Theodore, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
Jones, W. P., assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kankakee County Trust and Savings Bank, Kankakee, Ill.
Kay, W. R., Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keyton, Grover, New Farley National Bank, Montgomery, Ala.
Knauft, M. R., cashier, Merchants National Bank, St. Paul, Minn.

L

Lindhjem, A. E., assistant cashier, Scandinavian-American National Bank, Minneapolis, Minn.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovell, L. W., assistant cashier, The Lovell State Bank, Monticello, Iowa.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.

M

Mann, Ralph H., Park Trust Co., Worcester, Mass.
Marvel, Charles S., The First-Second Savings and Trust Co., Akron, O.
Matthews, Dave S., assistant cashier, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., S. W. Straus & Co., Straus Building, Chicago, Ill.
Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., Union Trust Co., Rochester, N. Y.
Muirhead, G. C., vice-president, The Stock Growers State Bank, Worland, Wyo.
Mulcock, E. R., Commercial National Bank, Syracuse, N. Y.

N

Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.
Norton, W. W., treasurer, Robbins Burrall Trust Co., Lakeville, Conn.

O

Old State National Bank, Evansville, Ind.
Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Parish, R. B., cashier, Bluefield Bank, Bluefield, W. Va.
Poole, John, president, Federal National Bank, Washington, D. C.
Potter, A. E., president, Broadway National Bank, Nashville, Tenn.
Potts, W. W., treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Pratt, John W., real estate officer, The Kennett Trust Co., Kennett Square, Pa.
Publicity Department, St. Louis Union Bank, St. Louis, Mo.

R

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Russell, W. W., cashier, First National Bank, White River Junction, Vt.

S

Schaller, George J., cashier, Citizens National Bank, Storm Lake, Iowa.
Schlenker, Almot, assistant cashier, First National Bank, Brenham, Tex.
Schulze, Paul T., assistant cashier, State Bank of La Crosse, La Crosse, Wis.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Simpson, E. P., Jr., assistant cashier, First National Bank, Toccoa, Ga.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, T. K., Jr., manager, Gimbel Brothers, bankers, New York City.
Spangler, J. G., cashier, The Mesa City Bank, Mesa, Ariz.
Stewart, F. E., Chesborough Dwellings, Jefferson Avenue, Toledo, O.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

U

Union Trust Co. of D. C., Washington, D. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., Lake County Bank, Madison, S. D.
Williams, F. H., assistant treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Wilson, C. C., c/o Continental and Commercial Trust and Savings Bank, Chicago, Ill.

Z

Zimmerman, Frank A., Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Mills, W. C., Publicity department, Metropolitan Trust Co., 60 Wall Street, New York City.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Stephenson, J. E., Atlantic National Bank of Jacksonville, Jacksonville, Fla.
Withers, K. K., publicity manager, County Savings Bank, Scranton, Pa.

Banking and Financial Industry

SPECIAL **The BANKERS MAGAZINE** SECTION

IT is the aim of this department to make better known to each other the progressive banking and industrial institutions of the country.

This Magazine believes that by industry and economy, and by co-operation between all interests and sections of the country, the prosperity and happiness of the people of the United States may be advanced more rapidly, and to a greater extent, in the years lying immediately before us, than at any other time in the country's history.

How often the banker feels the desire and necessity for "getting out on the road" and making a grand tour of the banks of the country so as to get in touch with his contemporaries and broaden his outlook. Unfortunately, such an undertaking is generally impossible.

This Department seeks to take the place of such a trip by presenting to its readers instructive articles about banks and industrial institutions.

New Home of the Franklin National Bank, Philadelphia

The New Home of the Franklin National Bank

ALTHOUGH it is only nine years since the Franklin National Bank bought and occupied the large office building at the corner of Broad and Chestnut streets, Philadelphia, these quarters have already been outgrown and the bank has just taken possession of its own new building on Chestnut street—west of Broad, a building which for beauty of design and completeness of equipment is surpassed by few in the country.

The prevalent belief that a street corner site is essential for any important banking institution finds refutation in this building, situated as it is in the middle of a block. A marble paved portico recessed fourteen feet from the building line, with two marble pillars extending forty-five feet to the cornice, attracts instant attention to the building and serves to make the entrance to the banking room fully as distinctive as a corner location could be. In fact, the distinctiveness and beauty of the architecture are such as to attract the attention and admiration of the passerby even in a city so famous for its beautiful buildings as is Philadelphia.

Although the façade is of classic design, the composition is such as to subtly suggest the architecture of the Colonial period, so closely associated with the man whose name the institution bears. The crown of the pediment is ninety feet from the sidewalk, a feature being the beautiful medallion of Benjamin Franklin, in low relief, above which floats the flag of the nation in the creation of which he played such a glorious part. The area of the site, 54 by 230 feet, and the requirements of the bank presented rather an unusual problem to the architects which was solved by placing the entrance on the east side of the building where access is had to the public space, about eighteen feet wide, extending through the elevator hall of the adjoining office building.

The main banking-room is fifty feet wide by 120 feet long and has a beautifully coffered ceiling and skylight, the crown of which is sixty-eight feet above the floor. The walls to the gallery level are of Travertine, the soft tones of which form a pleasing combination with the Botticino marble and bronze of the banking screen and the Circassian walnut woodwork.

At the Chestnut and Sansom street ends of the banking-room are galleries, nineteen feet above the banking-room floor level, for the clerical forces of the bank. These have groined ceilings.

The north and south walls of the banking-room above the gallery level are supported by columns and arches of Travertine and a similar arch treatment is carried on the side walls in pilaster effect.

The directors' room, which extends across the Chestnut street front above the portico, is reached by an electric elevator from the banking-room. It is ornamented with Formosa marble and molded plaster, the spirit of the detail being that of Colonial days.

The vault, eighteen by twenty-seven feet in size, is located in the basement and is constructed of Harveyized steel, beautifully finished and fully protected by all of the most modern devices. It is reached by two elevators from the working space on the banking floor.

The remainder of the basement is taken up with the book and filing vaults, locker rooms and the boiler and engine equipment for the building. Every modern appointment necessary for the comfort and health of the employees has been provided in this building and the working conditions are such that the

J. R. McALLISTER, President

E. P. PASSMORE, Vice-President

J. WILLIAM HARDT, Cashier

E. E. SHIELDS, Assistant Cashier

Franklin National Bank, Philadelphia

Offices of the Official Staff, Franklin National Bank, Philadelphia

daily operations of the bank can be carried on with the highest degree of efficiency and promptness.

In the office building, fifty-four by sixty-seven feet, located on the Sansom street end, there are, above the banking room, fifteen stories of offices. The general arrangement of these is so desirable that they were practically all leased before the building was completed, making a record for the renting of offices in Philadelphia.

Above these offices are located the kitchen and dining-rooms for the bank and on the roof a recreation cage has been provided for the employees.

The tenants of the office building have access from Chestnut street to their offices during banking hours through the main banking room, as well as from a direct entrance on Sansom street.

HISTORY OF THE BANK

Seventeen years pass so quickly that one would scarcely think that short period sufficiently long to record the inception and growth to strong maturity of a national bank in a city of century-old banking institutions, but this has been accomplished in the history of the Franklin National Bank.

Starting in July, 1900, with a capital of one million dollars and having paid in dividends $2,190,000, its surplus and profits are now $3,800,000, and resources over $60,000,000. This has been achieved without mergers or absorptions. The dividend return to the shareholders is twenty per cent., paid semi-annually.

The growth in deposits and profits of the bank is shown on another page in the table of figures taken from the daily statement of the bank on each anniversary period.

The dividend record of the bank is a remarkable one. In 1901 a dividend of six per cent. was paid out of the earnings of the first year of the bank's existence. In 1902 the rate was increased to nine per cent. For three years it was ten per cent.; in 1906 it was eleven per cent., and in 1907 and 1908 it was increased to twelve per cent. The

View from the Chestnut Street Front, Main Banking Room

View Toward Chestnut Street Front, Main Banking Room
Franklin National Bank, Philadelphia

	Surplus and Profits.	Deposits.	Loans.	Book Value.
1900	$1,000,000.00	$3,404,231.47	$2,067,496.14	200.00
1901	1,073,257.41	11,879,082.16	10,862,146.30	207.32
1902	1,263,012.21	15,407,109.51	11,665,380.56	226.30
1903	1,422,641.35	19,434,352.08	13,099,516.79	242.26
1904	1,558,611.95	22,332,710.78	14,124,422.69	255.86
1905	1,638,885.58	29,333,032.83	19,275,675.71	263.88
1906	1,921,441.33	25,428,077.24	17,265,764.15	292.14
1907	2,162,598.85	27,686,556.77	18,265,442.61	316.25
1908	2,276,850.04	32,805,054.05	21,372,487.55	327.68
1909	2,388,666.26	35,282,499.05	25,486,141.91	338.86
1910	2,633,193.42	33,123,873.88	22,712,419.66	363.31
1911	2,796,031.31	36,320,586.12	24,845,666.61	379.60
1912	2,928,271.07	36,842,606.97	26,493,127.45	392.82
1913	3,135,239.96	35,533,417.89	24,062,970.66	413.52
1914	3,217,650.91	35,612,740.93	25,651,840.21	421.76
1915	3,487,308.45	38,682,958.21	27,622,246.66	448.73
1916	3,632,756.50	44,191,918.78	33,879,785.98	463.27
May 16, 1917	3,856,170.76	54,839,523.67	38,103,810.18	485.61

present rate, as previously stated, is twenty per cent.

In 1904 the Franklin purchased the entire foreign business of the long-established house of Peter Wright & Sons, since which time it has had direct correspondents in all the important cities of the world. The foreign connections of the bank are of the greatest importance at the present time when American banks are being called upon to finance a greatly increased volume of foreign trade.

The remarkable growth and development of this bank must be attributed in large part to the wisdom shown in the selection of the original and continuing directorate. A glance at its

The Directors' Room, Franklin National Bank, Philadelphia

personnel discloses names of men who are known to have been eminently successful in the management of their own affairs and the business and professional interests with which they are affiliated. Even such men, however, could not have wrought so great a measure of success in so short a time to a bank in such a keenly competitive community without the daily intensive direction of unusually well equipped officers.

In this connection high tribute must be paid to the administrative officers of the bank and their assistants. Their names are well known throughout the country and it is generally recognized that it is largely through the efforts and ability of these men that the Franklin National Bank has grown to its now predominant position.

J. R. McAllister, the president, rose through his own conspicuous merits from a clerical position to the presidency of the bank. His management has been distinguished by a forceful, energetic and yet conservative policy, by which the bank has forged to the front like a young giant. With the responsibility of management upon him, he has had the knack of adjusting the burden so that it does not chafe, and the esprit de corps that pervades the bank is but the natural reflection of his own intense energy, vigor and good will.

In fact, the whole official staff is a remarkably well-balanced one, and each member is well adapted to the particular share of the work of the bank that falls to his lot. The complete list follows: J. R. McAllister, president; J. A. Harris, Jr., and E. P. Passmore, vice-presidents; J. Wm. Hardt, cashier; E. E. Shields, assistant cashier.

The present directorate is composed as follows: Samuel T. Bodine, president, United Gas Improvement Company, director, Lehigh Valley Railroad Company, Pennsylvania Company for Insurances on Lives and Granting Annuities, Fidelity Trust Company; Henry Tatnall, vice-president, Pennsylvania Railroad Company, director, Girard Trust Company, Commercial Trust Company; J. Rutherford McAllister, president, director, Commercial Trust Company; Frederick L. Baily, of Joshua L. Baily & Co., dry goods commission merchants; Effingham B. Morris, president, Girard Trust Company, director, Pennsylvania Railroad Company, United Gas Improvement Company; Percy C. Madeira, president, Madeira, Hill & Co., trustee, Northwestern Mutual Life Insurance Company; Ellis Pusey Passmore, vice-president; J. Andrews Harris, Jr., vice-president; John Hampton Barnes, lawyer; Morris L. Clothier, Strawbridge & Clothier, director, Lehigh Valley Railroad Company, Commercial Trust Company, United Gas Improvement Company, trustee, Penn Mutual Life Insurance Company; C. S. W. Packard, president, Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee, Penn Mutual Life Insurance Company; Charlton Yarnall, director, commercial Trust Company; W. W. Atterbury, vice-president, Pennsylvania Railroad Company, director, Philadelphia Trust Company; Edgar C. Felton, director, Girard Trust Company; Edward F. Beale, president, John T. Lewis & Bros. Company; Daniel B. Wentz, of J. S. Wentz & Co., president, Virginia Coal and Iron Company; Arthur W. Sewall, president General Asphalt Company; Joseph Moore, Jr., president, Pennsylvania Salt Manufacturing Company; Lewis Lillie, vice-president, United Gas Improvement Company.

The whole history of the Franklin National Bank shows that new enterprises founded on sound principles and managed ably along constructive lines are bound to succeed even in the face of long-established competition.

Main Entrance to Banking Room from Corridor in Singer Building

The Chatham and Phenix National Bank of the City of New York

IN the strength of its management, in experience gained throughout its more than one hundred years of safe and efficient banking service, the Chatham and Phenix National Bank of New York stands among the worthiest banking institutions of the United States. Under its present executive direction this bank has wisely and rapidly developed upon the solid foundations laid during the past century, has kept full stride with the requirements of modern banking, and in actual gain in volume of business has established an enviable record even for these days of rapid banking growth.

Very careful attention has been paid of late to providing the most complete

Private Office of President Louis G. Kaufman

Partial View of Executive Offices

The Board Room

facilities for handling the rapidly increasing business which has developed from total resources in 1911 of about twenty million to the present figures of over ninety million dollars. There has also been a substantial increase in the number of out-of-town bank accounts handled, bearing practical witness to the efficient service rendered.

But the bank is also especially well adapted to local business, and probably there is no bank in New York better known to the public at large than the Chatham and Phenix National with its branches in all parts of the city. No matter what section of New York you happen to be in, you can't wander about very long without coming upon the familiar sign and trade-mark of this bank. By means of these branches, twelve in all, the Chatham and Phenix is able to offer complete banking facilities and service in any section of the city.

The head office from which all of these branches are operated is located in the Singer building at 149 Broadway. Here in the heart of the financial district, in beautifully equipped quarters, the organization centres.

These new quarters were opened only last January and for completeness of equipment and beauty of architectural design are not exceeded by any bank in the city. At the new location the bank occupies over 26,000 square feet of floor space as compared with 6,000 in the old quarters at John street and Broadway.

There are two entrances to the bank from the main corridor of the building. One of these, just at the left of the Broadway entrance, leads to the officers' quarters and the credit department. This section has a frontage on Broadway and Liberty street.

Entering from the officers' quarters is the main corridor of the bank which has a depth of about 220 feet on Liberty street. On the left of the corridor are the loan and discount departments and the note and collection tellers. In the

Partial View of Main Corridor and Officers' Quarters

Public Space in Main Banking Room

Mail and Transit Department

rear are the transit and mail departments.

The main banking room is reached by the other entrance from the main corridor of the building. In the rear are located the vaults in front of which are the receiving and paying tellers' cages. The pillars throughout the quarters are of polished Tavernelle marble and the walls of Caen stone cement, giving a lighting effect very pleasing to the eye. On each pillar is placed the insignia of the bank in bronze. The cages also are of bronze and the officers' desks are of solid mahogany. The president's room is furnished in Italian walnut and is one of the most attractive private offices in New York.

MAKE thrift fashionable once more. Restore this normal attribute of respectable independence to its rightful place in the esteem of our world of society as well as business.

—F. C. MORTIMER

Mercantile Trust and Deposit Company, New York

Mercantile Trust and Deposit Company of New York

BRIEF mention was made in last month's issue of THE BANKERS MAGAZINE of the opening in New York on May 1 of the Mercantile Trust and Deposit Company, but an event of such importance in the financial world merits more than the passing reference it received in our May issue.

A careful examination of the list of directors will show that this institution starts under exceptionally favorable conditions, for it is managed by men who have made enviable records in industry, trade and finance. Indeed, the directorate represents some of the very strongest financial interests in the United States, as may be seen from the names of directors given below, with their affiliations:

Chellis A. Austin, president of the company; Elliott Averett, vice-president United Cigar Stores Company; Edward J. Barber, vice-president Barber and Company, Inc.; Henry S. Bowers, Goldman Sachs and Company, bankers; Frank N. B. Close, vice-president Bankers Trust Company; Delos W. Cooke, vice-president Erie Railroad; C. G. DuBois, comptroller American Telephone and Telegraph Company; Frederick F. Fitzpatrick, president Railway Steel Spring Company; Harvey D. Gibson, president Liberty National Bank; William Giblin, president Mercantile Safe Deposit Company; Thomas Hildt, vice-president Bankers Trust Company; Alfred R. Horr, treasurer Equitable Life

Banking Lobby, Mercantile Trust and Deposit Company, New York

Officers' Quarters, Mercantile Trust and Deposit Company, New York

CHELLIS A. AUSTIN
President Mercantile Trust and Deposit Company, New York

CHARLES D. MAKEPEACE
Vice-President and Secretary Mercantile Trust and Deposit Company, New York

Assurance Society; Herbert P. Howell, vice-president National Bank of Commerce; N. D. Jay, vice-president Guaranty Trust Company; James W. Johnston, treasurer Western Electric Company; Bertram Lord, foreign financial manager Wells Fargo and Company; Elgood C. Lufkin, president The Texas Company; John McHugh, vice-president Mechanics and Metals National Bank; Theodore F. Merseles, vice-president and general manager National Cloak and Suit Company; Albert G. Milbank, of Masten & Nichols, lawyers; Samuel H. Miller, vice-president Chase National Bank; Sherburne Prescott, treasurer Anglo-American Cotton Products Corporation; Jackson E. Reynolds, vice-president First National Bank of New York; Charles S. Sargent, Jr., Kidder, Peabody and Company, bankers.

The identification of men of this stamp with any institution constitutes in advance assurance of large success, and makes it certain that the Mercantile Trust and Deposit Company will soon take rank among the very large financial institutions of New York.

Besides having a most notable board of directors, the Mercantile Trust and Deposit Company is officered by men of wide experience and marked achievement in the banking world. At the head of the company is Mr. Chellis A. Austin, who has won advancement to his present position by efficient service in the other places he has occupied.

Mr. Austin was born at West Berkshire, Vermont, in 1876, and at an early age moved to Canton, St. Lawrence county, N. Y., where he was educated in public schools and at St. Lawrence University, finishing his college course at Columbia University in the class of 1898. After leaving college he entered a brokerage office as messenger. In 1899 he began service with the Erie

Railroad as clerk in the president's office. In order to obtain a practical education in the operation of railroads, he gave up a clerical position in the general offices, and became night yard clerk in the Erie yard at Hornell, N. Y. He was promoted to the position of night yard-master, and from that worked gradually up to be trainmaster of the Jersey City Terminal Division of the Lehigh Valley Railroad. In the fall of 1911 Mr. Austin gave up railroading and entered the Columbia Trust Company of New York as a solicitor of new business. He was successively promoted to credit man, assistant treasurer, assistant secretary, and was elected vice-president in December, 1916. He left the Columbia Trust Company to become president of the Mercantile Trust and Deposit Company, having won his promotion at the age of forty to the chief executive position in this important institution.

Charles D. Makepeace, vice-president and secretary, was born in Barnstable, Cape Cod, Mass., in 1875. He was educated at Worcester Academy, Massachusetts, and graduated from Williams College in 1900. After graduation he spent several years in New York banks and trust companies, notably with the Garfield National Bank, and the Manhattan Trust Company. He is interested actively in large agricultural developments in southern New Jersey. He also organized, and is now president of, First National Bank, Mays Landing, N. J.

Cornelius J. Murray is assistant treasurer and John A. Burns assistant secretary of the Mercantile Trust and Deposit Company.

The advent of the Mercantile Trust and Deposit Company into the ranks of New York's already long and imposing list of banks and trust companies affords another welcome evidence of the city's increasing financial power and its readiness to provide additional banking facilities as they may be needed.

Charters Asked For and Charters Granted During Four Months Ending April 30, 1917

IN the first four months of 1917, the Comptroller of the Currency received 135 applications for charters for new national banks, with capital of $7,815,000, as compared with 64 applications received during the corresponding period in 1916, with capital of $2,605,000.

In these four months of 1917, 52 charters were granted, capital, $3,165,000, as compared with 33 charters granted during the corresponding period in 1916, with capital of $2,060,000.

In this period of 1917, 83 national banks increased their capital stock in the sum of $11,604,990, against 42 banks increasing their capital by $3,250,000 during the same period in 1916.

Seven banks reduced their capital during the first four months of 1917, $488,000. During the same period last year seven banks reduced their capital $262,500.

Twenty-eight national banks went into voluntary liquidation (exclusive of those consolidating with other national banks) during the first four months of 1917, their aggregate capital being $3,107,500, as compared with 40 banks liquidating during the same period in 1916, with an aggregate capital of $3,398,000.

During the first four months of 1917 the Comptroller of the Currency refused nine applications for charters for new national banks.

Old State National Bank Building, Evansville, Ind.

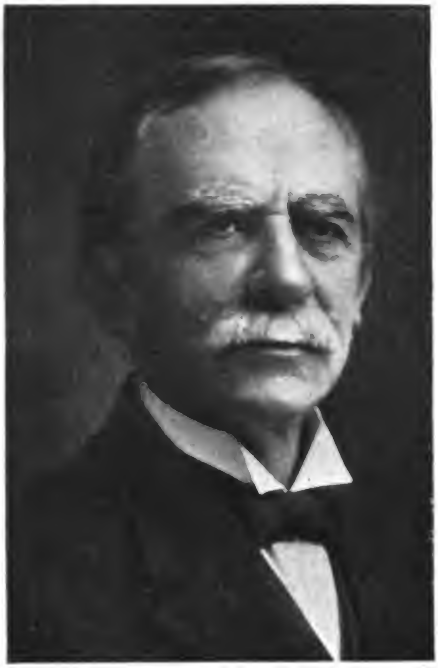
Interior, looking from Entrance, Old State National Bank, Evansville, Ind.

The Old State National Bank of Evansville, Indiana

THE origin of the Old State National Bank of Evansville was in 1834, when the State Bank of Indiana was organized. Evansville at that time was a village with a population of 1,000, but nevertheless it was one of the ten points in which branches of the State Bank were organized. The aggregate capital of the State Bank of Indiana was $1,600,000, divided equally among the ten branches.

The first directors' meeting of the bank was held November 11, 1834, at which John Mitchell was elected president and John Douglas, cashier. These officers continued serving until the death of Mr. Mitchell, when Mr. Samuel Orr, grandfather of Samuel L. Orr, now a director of the Old State National Bank, became president. The paid-in capital stock held by the state and individuals was $80,000.

Before the State Bank was established, currency conditions in Indiana were deplorable and the banker assorted his bank notes into two parcels, current and uncurrent. In the first he placed the notes issued by solvent banks of his own city; in the other the notes of other banks. Upon the latter there was a discount, varying according to the location and credit of the bank which issued them. The discount charged was from one per cent. upwards, according to the



. HENRY REIS, President

J. O. DAVIS, Vice-President and Cashier

F. R. WILSON, Vice-President

H. J. REIMER, Assistant Cashier

O State National Bank, Evansville, Ind.

rating given the issuing bank in the "Bank Note Reporter." "Currency sharks" took advantage of this state of affairs and established banks in remote places for the purpose of issuing currency, which was practically irredeemable. This unsatisfactory state of affairs continued until the establishment of the Suffolk bank system in 1824, upon the principles of which the State Bank of Indiana was founded. Many of its principles were afterwards incorporated into the National Banking Act.

In 1835-36 the Indiana Legislature passed the internal improvement bill and Evansville was made the southern terminus of the Central, and the Wabash and Erie canals. This was Evansville's first boom and as a result, in December, 1836, the lot on which the former historic home of this bank stands today in a well-preserved state, was purchased. Just before the building was completed the capital stock was increased by $20,000, making the total capitalization $100,000, and a short time afterwards it was further increased by $40,000. The erection of the new building was a great stimulus to business.

The original safe, which was purchased in 1834 of Hall & Dodds, of Cincinnati, was used by the bank for storing valuables of secondary importance until its removal to the new building. The weight of its three keys was one and one-half pounds, and one must feel sorry for the cashier who had to carry them around. A collection of all keys then in use weighs about as much as the ordinary tool equipment a modern motorist carries in his car.

The bank was also a factor in the financing of the Mexican War. In June, 1846, it made a loan to the State of Indiana, for clothing and equipping volunteers for that war.

The State Bank continued to operate successfully until its charter expired in 1855. Its Evansville branch became the Branch Bank of the State of Indiana, commencing business May 23, 1856, with a paid-in capital stock of $100,000. In the minutes of January 5, 1858, appears the following statement by President Rathbone of the Branch Bank: "During the late crisis, this bank, in its very infancy, stood a redemption such as no bank in this country ever stood, a redemption which no other bank in this country could have borne; for the redemptions since the first of September have been over $3,000,000." At that meeting the capital stock was increased to $200,000. The total assets amounted to $560,000.

In 1864 the Bank of the State of Indiana was compelled to liquidate because of the ten per cent. tax imposed on its circulation. The stockholders of the Evansville Branch then organized the Evansville National Bank and took over the business of the Branch Bank. In April, 1866, the banking home of the State Bank was bought at auction by the Evansville National Bank.

In 1872 Mr. Henry Reis became connected with the Evansville National Bank as teller, having previously been with the Lowry Bank. Mr. Reis remained with the bank during its succeeding changes and rose step by step to the position of president. Although he is along in years he performs his daily duties with all the vitality and energy of a man twenty years his junior, and he appears fifteen years younger than he really is.

In 1885 the charter of the Evansville National Bank expired and that bank was succeeded by the Old National Bank. The capital stock was $200,000, but in a few months it was increased to $500,000. Twenty years later its charter expired and the Old State National Bank succeeded it. The capital stock of the last-named bank was and continues to be $500,000.

DESCRIPTION OF THE BUILDING

The new Old State National Bank building, together with the site and equipment, cost in round figures a half million dollars. In portraying the building from an architectural point of view, one sees in it, above all, character which is expressive of the security and solidity of the institution it houses. But the character has been molded into this

President's Room, Old State National Bank, Evansville, Ind.

structure in such manner that its style becomes permanently acceptable. Its architecture represents American ideas, based on precedents of Imperial Rome; it is adapted and composed in such manner that it expresses the strictly modern, aesthetical, utilitarian and ideal requirements of a bank and office building. It was designed by the architectural firm of Adolf Scherrer of Indianapolis.

The building has a very interesting and attractive front of polished red granite. This material was selected because it implies unusual strength, due to its imposing massiveness. The structure is eight stories in height and four immense columns of the Corinthian order extend from the second to the sixth floors on the front facade.

Although only eight months old, the building is one hundred per cent. under lease and houses a list of tenants so diversified that success for the bank building and the bank is assured. In the list of tenants is a restaurant, carpet and drapery store, other shops and stores and offices of every nature. The entire eighth floor is occupied by the Chamber of Commerce.

Entering the bank, one passes through a vestibule executed in marble, the floor being a combination of marble and mosaic. On the left one passes a door which permits private egress from the president's room. Passing through the second set of double-acting bronze doors into the main lobby, one passes the officers' platform on the left, which is equipped for six officers and one stenographer, and then nine tellers' wickets. At the end of the lobby one sees the massive grille through which the imposing and picturesque facade of the strong vaults is displayed. A night view from the street through the exterior bronze gates and the two sets of double-acting bronze and glass doors offers a most charming effect and the beautiful vault grille and massive vault facade are portrayed in all their splendor.

Passing along on the opposite side, one passes the safe deposit department window, the saving and thrift club windows, the men's room, the ladies' room, and then comes to the entrance from the public elevator lobby.

The banking-room is flooded with an abundance of pleasant and mellow natural light which comes through the ten large rectangular windows on the western side. The artificial light is provided by fourteen large Travertine indirect diffusers, each having four 100-watt electric lamps. Various smaller diffusers are scattered over the mezzanine floor and in the various private rooms. This method of lighting casts no shadows and the effect is so similar to daylight that an excellent photograph was taken at night without flashlight.

The interior of the banking-room was designed and executed by Weary and Alford Company, architects, of Chicago, who are specialists in this class of work. The bank occupies the entire first floor and mezzanine and part of the basement, some 15,000 square feet in all. The interior of the banking room is of Travertine stone and Tavarnelle Claire marble, which produces a soft and pleasing atmosphere. The officers and directors decided to give the public something original and in doing so they deviated from the well established idea of producing an interior too strictly architectural and too severe in character.

The officers' and directors' rooms, the officers' quarters and the public rooms, are furnished exquisitely and in a modern and convenient manner. All woodwork and furniture in the banking-room is of frontiera (brown) mahogany except in the ladies' room, where it is of prima vera (yellow) mahogany, and furnished with Reedcraft wicker furniture. That part of the building above the bank floor is finished in solid Tabasco (red) mahogany.

Between the spanning beams of Travertine stone, the ceiling is modeled in plaster and the beam facings and relief moulding are pleasingly decorated in

Officers' Quarters, Old State National Bank, Evansville, Ind.

Ladies' Room, Old State National Bank, Evansville, Ind.

hand-painted gold leaf and oriental designs. All wicket work and the number and name plates which designate the departments and the officers and employees are of bronze and are heavily gold-plated.

The banking-room represents a composite of the good features of a number of prominent banks in the United States. The floor is a combination of Grueby and Mueller mosaic and marble. The mosaic has a brown cast and harmonizes perfectly with the bronze, gold and frontiera mahogany. It is set in insert panels to convey the idea of large rugs.

The series of vaults are constructed on the unit plan, the cash, safe deposit and book vaults being on the bank floor and the trunk storage in the basement.

The cash vault is equipped with a thirty-ton circular door, twenty-three inches thick, and the safe deposit vault with an eighteen-ton rectangular door. The vaults are further protected by an A. D. T. burglar alarm system. The grille door leading to the vault vestibule operates electrically by pushing a button from the safe deposit office.

One of the most noticeable features in the bank's service is the unit system in the tellers' department. This is used in a number of the greater banks in the West and is considered a marked advance over the old system. It is altogether practical and it greatly expedites the work because the customer deals only with one teller, who handles both paying and receiving accounts. The enclosures for the cages are so constructed that there are no obstructions to a full and clear view over the entire banking room.

Nearly all of the money is kept under lock and key in compartments and safe-omnibuses provided in the enclosures. The omission of the cage and barred effect over the tellers' enclosures adds warmth to the atmosphere of the bank because the customer is made to feel that he is not looked upon with distrust or suspicion by the teller and the bank organization.

The separate public building entrance is very unique in itself, being equipped with a number of small show-windows on both sides to serve the stores and shops on the upper floors. Building directories are in this entrance, on the separate floors, and on the outside of the building.

BIOGRAPHICAL

In modern advertising you often read of a bank "with a personal touch." In no bank in the United States is the truth of this expression more exemplified than in the Old State National Bank of Evansville.

On the officers' platform are to be found six officers, who are always accesible to the bank's customers, friends and visitors. If you are ever in Evansville and want to feel at home for a time, just step into the fine banking-room of the "Old State National." Mr. Henry Reis, the president, will probably be the first man to shake hands with you. Mr. Reis, by the way, has been in the banking business in Evansville with the Old State National Bank and its predecessors for over fifty years and is well known nationally. You will say he is one of the most courteous, resourceful, democratic gentlemen you ever met. Mr. Reis knows so many faces, first names and good characteristics of people that if it were put in print it wouldn't go between the covers of an India paper volume. At the bank's recent banquet he even described minutely the first checks deposited by prominent pioneers of Evansville. When it comes to saying the right thing at the right time and place, Mr. Reis is a past master, and the rich, the poor and the crippled are all treated by him with equal cordiality.

Henry Reis is a representative type of an American self-made man. Starting with only a rudimentary education, and a desire for achievement by hard work, he rose steadily from the position of messenger to the highest in the banking profession.

Next to Mr. Reis sits Mr. Alexander

Men's Room, Old State National Bank, Evansville, Ind.

Directors' Room, Old State National Bank, Evansville, Ind.

Gilchrist, vice-president, who is addressed by some of his many friends as Major and by others as Judge. The title of Major was earned through service in the Union Army of the Civil War, and the title of Judge on the Superior Court bench of Vanderburgh County, Indiana.

Mr. Frank R. Wilson, vice-president, will be found nearest the entrance and will be the first to greet you with a smile of welcome. Mr. Wilson inherits his banking ability from his father, with whom he was associated in the Cumberland County National Bank of Neoga, Illinois. The senior Mr. Wilson is still president of that bank. Mr. Wilson thereafter became connected with the Shelby Bank of Shelbyville, Indiana, which he converted into the Shelby National Bank. In May, 1911, he became cashier of the Old State National Bank, and after three years' service he resigned to become secretary and treasurer of the Hercules group of companies. In January, 1916, he again became connected with the bank as vice-president. Mr. Wilson is actively engaged in many of Evansville's leading civic and business enterprises.

Next to Mr. Wilson sits Mr. John O. Davis, vice-president and cashier, who undertook the greater part of the construction details of the new building. Mr. Davis is a full-fledged banker, but judging from results, he probably would have made a good architect. He devoted fifteen hours of quite a number of days to the solving of the numerous details and finer arts, and the excellent arrangement and practicality of the entire structure demonstrate that he deserves no little praise.

Mr. Davis was born in Owenton, Kentucky, in 1872. He began his banking career in 1890 as messenger in the Farmers' National Bank of Owenton, Kentucky, in which bank he remained until 1892. He next went to the Peoples' National Bank of Washington, Indiana, as manager of the collection department. In 1894, when but twenty-

two years old, he organized the Pike County State Bank of Petersburg, Indiana, and was made its cashier. That bank bears the distinction of being the first bank in the United States to be converted into a national bank under the Federal act authorizing a national bank with a capital stock of $25,000.

In 1907 Mr. Davis assisted in the organization of the Bankers' National Bank of Evansville and became its cashier, serving until June, 1914, when he was elected cashier of the Old State National Bank. In January, 1916, he was elected vice-president and director in addition to cashier. Mr. Davis' ability to make friends has won for the banks with which he has been connected much new business and his financial ability is amply reflected by this bank's rapid and conservative growth.

Mr. Harry J. Reimer, the assistant cashier, is a native of Evansville and a graduate of the local high school. He entered the employ of the bank as messenger in March, 1894, and rose step by step through the various departments to his present position. His love for work, his energy and his aggressiveness won for him the position of assistant cashier in January, 1912. Mr. Reimer knows the Old State National from A to Z, and if you want to know anything about its past or present he can tell you.

To the board of directors and to the building committee, the stockholders of the Old State National owe many thanks. Without their untiring efforts this fine new structure, which is now entirely occupied, and the phenomenal growth of the bank, would be mere dreams. The building committee was composed of Mr. Wm. H. McCurdy, chairman, and Messrs. Sidney L. Ichenhauser, Samuel L. Orr, Henry C. Kleymeyer and Marcus S. Sonntag.

If there ever was a directorate which believes in united action, it is that of the Old State National. The management of the bank is regarded as part of their daily affairs and in the whole body there is not a misfit gear. When meeting time comes, all are present, although they are all busy men of large interests, and it is not necessary to resort to a series of preliminary telephone calls and oral or written requests. Each member has taken the welfare of the bank to heart and will go out of his way to render service. Even the loan committee meets unfailingly every business day.

The following are the present officers and directors:

Officers: President, Henry Reis; vice-presidents, Alexander Gilchrist, F. R. Wilson; vice-president and cashier, J. O. Davis; assistant cashier, H. J. Reimer.

Directors: Alexander Gilchrist, vice-president; Wm. H. McCurdy, president Hercules Buggy Co.; Marcus S. Sonntag, president American Trust and Savings Bank; James T. Walker, attorney and counselor-at-law; Sidney L. Ichenhauser, Ichenhauser Co.; George Brose, Sunnyside Flour Mills; Henry Reis, president; Samuel L. Orr, Orr Iron Company; F. R. Wilson, vice-president; Henry C. Kleymeyer, general manager Standard Brick Mfg. Co.; G. A. Trimble, Vulcan Plow Co.; Louis A. Daus, president Anchor Supply Co.; John O. Davis, vice-president and cashier; J. L. Igleheart, Igleheart Bros.

GROWTH OF BUSINESS

Since building operations first became the topic of discussion in the beginning of 1914, the deposits of the Old State National Bank have made phenomenal strides. The following is the three-year deposit record:

March 5, 1914	$2,500,000
March 5, 1915	3,100,000
March 5, 1916	3,600,000
March 5, 1917	5,600,000
April 17, 1917	6,000,000

During the last year the bank and savings deposits more than doubled, the thrift club deposits quadrupled and the total deposits increased sixty-five per cent.

The statement of April 17, 1917, gives the bank the following standing:

Report of the condition of the Old State National Bank of Evansville, Indiana, at the close of business, April 17, 1917:

RESOURCES		
Loans and Discounts	$4,163,514.65	
Overdrafts	3,236.77	
Other Bonds and Securities	$757,169.74	
		$4,923,921.16
U. S. Bonds (par value)		545,000.00
Banking House		465,000.00
Other Real Estate		5,400.00
Stock in Federal Reserve Bank		22,500.00
Due from U. S. Treas		25,000.00
Cash and Due from Banks		1,422,902.47
		$7,409,723.63

LIABILITIES		
Capital Stock	$500,000.00	
Surplus	250,000.00	
Undivided Profits	93,980.73	
		$843,980.73
Circulation		500,000.00
Deposits		6,047,006.93
Dividends Unpaid		802.00
Reserve for Taxes		17,933.97
		$7,409,723.63

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THE FIRST REAL BARGAIN HE'S SEEN FOR MONTHS

Main Lobby and Grill, Customers' Room in Rear, The First National Bank, Troy, Pa.

New Home of the First National Bank, Troy, Pa.

THE business of the First National Bank of Troy, Pa., having grown to such proportions that it was necessary to have larger and more commodious quarters, the directors decided to secure a building, which would not only furnish satisfaction in every detail as far as the clerical work of the bank and the service rendered to its customers was concerned, but which would also stand as a monument to the safe, sound and progressive management of the bank and be a pride to the people of the community.

THE BANK'S NEW BUILDING

With this aim in view the First National Bank purchased about one year ago the Newberry Peck building, corner of Main and Exchange streets. This building has been rebuilt and completely remodeled, until to-day there stands a finished three-story structure of pressed brick and granite stone—a structure significant of strength and security.

The front is massive and impressive with its Onondaga litholite granite stone. Two massive stone columns extend above on each side of the main entrance through the second and third story, the whole making a graceful towering structure which stands as a monument to the enterprise of the builders of the financial institution it houses.

The main purpose in the arrangement

The First National Bank, Troy, Pa.

Directors' Room, The First National Bank, Troy, Pa.

of the building is service. The aim was to meet the needs of its progressive community. How the bank has carried out this idea is well attested.

Entering the bank through the main vestibule finished in marble and mahogany, we find at the right a ladies' room containing desk, writing materials, stationery, toilet articles, lavatory, etc. This is for the convenience of ladies when in town, whether customers or not.

At the left as you enter the main lobby are the officers' quarters, which are open and accessible to all, and a consultation room which is enclosed for privacy when desired.

At the farther end of the lobby is the customers' room designed for the use of anyone for a business conference or meeting place. This room is always open and can be used at any time. The directors' room is beautifully finished in mahogany with mahogany furniture to match.

The screen or grill work is also beautifully finished in Honduras mahogany with Cipolin marble wainscoting. There are three tellers' windows finished in bronze and deposits are received and checks paid at the same window, which saves the time of depositors and permits a closer relationship between the customers and the bank.

The wainscoting of the lobby is also Cipolin marble and the two check desks which stand in the lobby are carved out of solid marble. The top is solid plate glass. All working space is covered with battleship linoleum, the public space with red Tennessee marble and the officers' quarters, ladies' room and directors' room with quartered oak, rugs being laid in these rooms.

The artificial illumination is gained by indirect lighting. The lighting fixtures are of bronze.

VAULT

The vault on the inside is 9 feet wide, 9 feet high and 12 feet deep. It is built of concrete 18 inches thick, reinforced by ¾-inch high carbon steel bars, staggered from center to center.

The floor and the roof of the vault are reinforced by ½-inch steel bars six inches apart. There is over 1,600 pounds of steel used in the work, so

Officers' Quarters and Consultation Room, The First National Bank, Troy, Pa.

that the vault in itself is practically impregnable. As an extra precaution the inside of the vault on all six sides is lined with drill proof, burglar and fireproof steel plates, riveted together into one solid whole. The steel plates are of different degrees of hardness to prevent drilling, cutting or cracking by any tool.

The vault can well be said to be burglar and fireproof, and offers to the people of the community the very best protection.

In the vault there are a large number of safety deposit boxes which the bank rents at a very reasonable price.

FOUNDING OF THE BANK

The history of the success of the First National Bank during its existence of more than twenty years is very impressive and contains many striking facts.

The bank was the first bank to organize in Troy under the National Bank Act and opened its doors for business in February, 1895, occupying rooms in what is now the Van Dyne Civic Building, the splendid gift of E. Everitt Van Dyne to the school district of Troy.

In February, 1900, five years after its organization, the First National Bank consolidated with the private banking firm of Pomeroy & Mitchell and moved into their quarters in Main street. Under the name of Pomeroy Brothers this widely known firm had successfully conducted a banking business for nearly half a century. In fact the Pomeroys were the pioneer bankers of this section. And it is interesting to note that Henry P. Davison of J. P. Morgan & Co., and Daniel E. Pomeroy of the Bankers Trust Company, are of this family and both started their careers in the banking business in the building which the First National are now leaving.

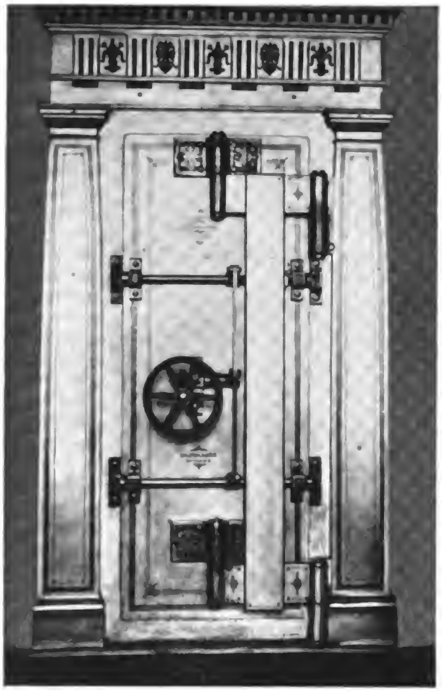
During this time the bank has paid out $115,000 in dividends to its stockholders and over $200,000 in interest to its depositors.

The policy of the bank always has been for safe, sound, conservative banking. The interests of its depositors in the safety and security of their deposits and the service which can be rendered them has always been and is now the

Ladies' Room, The First National Bank, Troy, Pa.

foremost thought in the mind of its officers and directors.

During its existence the bank has faced, without wavering, several of the



Main Vault Door, The First National Bank, Troy, Pa.

country's greatest financial crises. It has an unbroken record of success in uninterrupted dividends—steady growth in deposits—and an accumulated surplus which has been entirely earned.

The present officers of the bank have had long experience in the banking business and have the respect and confidnce of the whole community.

The directors comprise some of the most successful and influential business and professional men of this section. The list which follows readily attests the strength which has characterized the management during its existence and promises a future even greater than the past.

The officers are: A. B. McKean, president; John A. Parsons and R. E. Van Syckel, vice-presidents; W. W. Beaman, cashier.

The board of directors comprise the following: A. B. McKean, John A. Parsons, R. E. Van Syckel, L. H. Oliver, Liston Bliss, B. B. Mitchell, H. C. Carpenter, F. L. Ballard and H. K. Mitchell.

Fourth-Atlantic National Bank, Boston

DURING the recent rapid development of the banks of this country, particularly in the prominent business centres, many institutions have reached national prominence by reason of the growth of their resources and their ability to finance big business. One of these is the Fourth-Atlantic National Bank of Boston.

This bank was formed by the merger in 1912 of the Fourth and Atlantic National Banks, but is operating under the charter of the old Atlantic National, which dates back to 1828. For three-quarters of a century this bank played an important part in the business life of Boston and at the time of the merger in 1912, after having taken over the Metropolitan National, had reached a total of assets of around $5,000,000.

The Fourth National was a much younger institution, having been established as a "Market" bank in 1875, with capital of $250,000, which was increased by successive stages to $1,000,000. It was located in the midst of Boston's famous "Market" district, at the corner of North and Blackstone streets, until 1902, when it moved to the newly erected Board of Trade building. A. W. Newell, who lost his life when the Titanic went down, was president of the Fourth previous to the merger. Its deposits at that time were in the vicinity of $8,000,000.

The consolidation proved a popular

Banking Room, Fourth-Atlantic National Bank, Boston

Officers' Quarters, Fourth-Atlantic National Bank, Boston

and successful move. Mr. Herbert K. Hallett, president of the Atlantic, became president of the combined institution and, having already proved an official of sound judgment and marked ability, brought to the enlarged institution just the qualities necessary to insure its success.

Mr. William N. Homer, who had been cashier of the Fourth for many years, became vice-president and cashier; Arthur W. Haines, formerly cashier of the Metropolitan, became a vice-president; and Edgar F. Hanscom, assistant cashier of the Fourth, and Nathan N. Denison, cashier of the Atlantic, became assistant cashiers. Gustave A. Bleyle has also recently been added to the list of officials as assistant cashier. The directors include business and professional men of prominence in various lines of trade and commerce.

While business conditions have favored the growth of the banks during the past few years, the rise of the Fourth-Atlantic has been none the less remarkable. In June, 1913, after the details of the merger had all been worked out, the deposits stood at $13,861,000. By June 30, 1914, they had reached a total of $15,266,900; December 31, 1915, they stood at $18,622,000; November 17, 1916, they were $22,550,000; March 5, 1917, $25,269,000, and May 1, 1917, $28,409,000.

During the same four-year period, the surplus and profits increased from $1,200,000 to $1,846,000, in addition to the payment of regular dividends amounting to a total of $480,000.

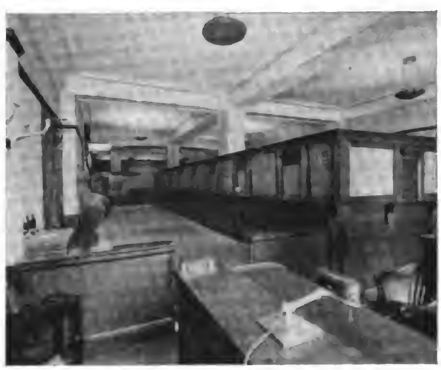
With this growth in deposits and resources the Fourth-Atlantic comes into line with the other leading Boston banking institutions and by reason of its ability to serve its customers in operations of any magnitude may reasonably expect a further steady increase in size and prominence in the banking world.

Equitable Trust Co., Boston

THE success of the Equitable Trust Co., Boston's newest banking institution, has been most gratifying to its officers and directors. It was organized in 1916 and opened for business Nov. 6 of that year with a capital of $200,000. Since that date there have been three official calls for statements of condition and the showing of the company on those dates was as follows:

Nov. 17, 1916, the deposits were $932,997.53 and the assets $1,176,082; March 5, 1917, deposits totaled $1,379,620.88, and assets $1,625,536.53, and on May 1, 1917, deposits had reached $1,636,347.16, and total assets $1,882,247.16.

Considering that the new company is an independent institution, without outside affiliations, this growth has been very satisfactory and it is expected that the end of the first year of business will find the deposits at least $2,000,000.



Banking Room, Equitable Trust Co., Boston

The Equitable Trust Co. was organized by Charles B. Strecker, formerly publisher and owner of the Boston Financial News, and for twenty years a successful man of affairs in Boston. He was appointed assistant treasurer of the United States by President Wilson, a position which he now holds. He is a trained newspaper man who has always

CHARLES B. STRECKER
President Equitable Trust Co., Boston

devoted himself to financial affairs. In this new undertaking he has associated with him Joseph M. Herman and John E. Thayer, Jr., as vice-presidents; Wallace H. Pratt, treasurer, and James H. Turnbull, secretary, and the following prominent Boston business men as directors: Chas. F. Adams, president John T. Connor Co.; William H. Burgess, Burgess, Lang & Co., bankers; Ralph C. Emery, treasurer John S. Emery Co.; Sidney E. Farwell, treasurer American Zinc, Lead and Smelting Co.; R. M. H. Harper, Cochrane, Harper & Co., bankers; Joseph M. Herman, president Joseph M. Herman & Co., shoes; Albert W.

Officers' Quarters, Equitable Trust Co., Boston

Kaffenburgh, I. Kaffenburgh & Sons, leaf tobacco; Lewis I. Prouty, vice-president Carr Fastener Co.; Frank H. Purington, president Henry W. Savage Co., real estate; George Putnam, Richardson, Hill & Co., bankers; J. E. Thayer, Jr., secretary Punta Allegre

Directors' Room, Equitable Trust Co., Boston

Sugar Co.; James H. Turnbull, secretary; Chas. E. Wyzanski, M. C. & C. E. Wyzanski, real estate.

The company has established convenient and commodious quarters at 35 Congress street, in the heart of the financial section.

A Unique Banking Institution

THE comparative ease with which new banks are started at the present time is in marked contrast to conditions existing in this country in 1791, when the Providence Bank was established in Providence, R. I. As former President Goddard pointed

Original Home of the Providence National Bank

out in his historical address on the occasion of the bank's 100th anniversary in 1891, at that time Providence contained but 6,380 inhabitants, mails for New York and the South were sent out and received but twice a week, and it took two days to receive news from Boston.

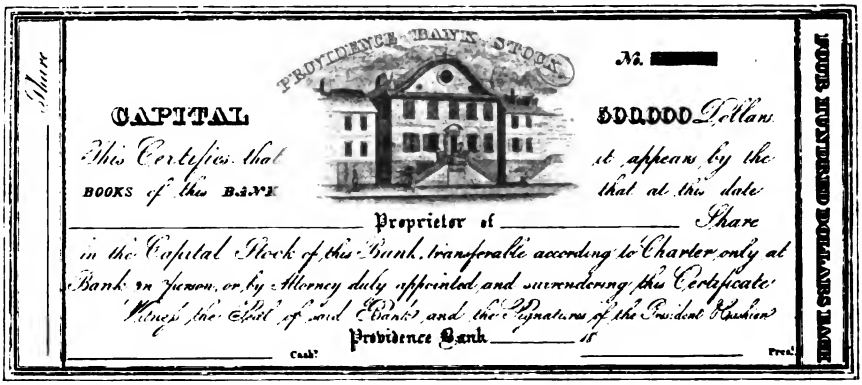
Moreover, such credits as were necessary for the ordinary transaction of business were provided by one merchant to another. The currency was in a very unstable condition and strong prejudices against banks existed in most quarters. However, by arousing public sentiment through public meetings a subscription to the capital stock of $180,000 was provided, which was not increased until thirty-one years later.

The Providence Bank, which thus came into being, has been a unique institution. Since 1801 it has occupied the estate on South Main street, where it is at present domiciled, and where at one time the cashier had his residence, as was frequently the custom in those days. This old residence is equally unique in these modern days. The beautifully proportioned rooms, with their fine moldings and cornices, the handsome staircase and other features of colonial days still exist and are a frequent object of interest to visitors in Providence.

The house was built in 1774. It is related that at one time when many French officers were quartered in Providence, one of these gallant officers, doubtless after a good dinner and perhaps on a wager, rode his spirited charger up the flight of steps shown in the view of the old mansion, and into the spacious hall that leads through the house. The horse was unwilling to make the descent of the long, steep flight of steps and was therefore taken through the great rear door of the hall into the grounds adjoining, where then stood a superb old pear tree, under which Gen. Washington once sat and regaled himself with the luscious fruit.

Colonial Mansion, built in 1774, Present Home of the Providence National Bank

Another unique feature of this unique institution is the fact that for nearly the entire 126 years the bank has been in existence the presidents have been



One of the original stock certificates of the Providence Bank, showing an engraving of the present building, with the flight of steps leading to the second floor

drawn from one illustrious Providence family. These officials have been as follows:

John Brown..............1791-1803
John Innes Clark..........1803-1808
Gov. Jabez Bowen.........1808-1811
Thomas Poynton Ives......1811-1835
Moses Brown Ives.........1835-1857
Robert H. Ives...........1857-1869
William Goddard..........1869-1905
Robert Ives Gammell.......1905-1915
Robert H. Ives Goddard....1915-1916
William Gammell..........1916-

Needless to say, this institution, which became the Providence National Bank in 1865, has always maintained its old traditions. Its career has been one of the highest honor and integrity, and when in 1915 a radical change of policy was inaugurated in the payment of interest on deposits, business came to it rapidly and it has shown a growth in the latter item from less than $1,000,000 to nearly $3,000,000 in this short space of time.

The present officials are: President, William Gammell; vice-president, William Gammell, Jr.; cashier, Earl G. Batty.

The directors are: John Carter Brown Woods, William Gammell, John Ormsbee Ames, William Gammell, Jr., Harry Parsons Cross, John B. Lewis, Paul C. DeWolf, Richard S. Aldrich.

What the War Taught England

BEFORE the war we had a good many short-comings in our business, our commerce, our industry. The war is setting them all right in the most marvelous way.

—David Lloyd George

Interior View of Vault of the Guaranty Safe Deposit Company, New York. This Vault was Constructed of Hydro-Crete by the Hydrolithic Waterproofing Co.. Inc.

A New Concrete for Bank Vaults

IMPROVEMENTS made in bank vault construction have reached a marvelous state of development, so that such devices are to-day far in advance of the early types of such mechanism in security against the arts of the safe blower. The demand, however, for still greater security, for the modern burglar is a scientific craftsman, resourceful and proficient in the use of devices that can eat a way through tons of Harveyized steel barriers, such as would be capable of stopping an armour-piercing projectile if fired from a naval gun.

The electrical arc, or small flame of an oxy-acetylene torch, easily hidden and almost noiseless, has a piercing power that armour plate would be incapable of resisting, so such plates, though of a thickness that a battleship might not float, are no better than a retarding medium to delay the progress of the invader. They are no longer an insurmountable barrier.

Something else is wanted, something else indeed is demanded, and it must be not only something that cannot be drilled, but it must also be infusible and unfriable — in a word — impregnable. This is no new demand, either, for it has existed since vaults and safes were first made. It has been most elusive, however, almost as much as has been the principle of perpetual motion. If ever found, it is agreed that the yeggman will have to seek another occupation, for concocting his felonious little

Interior View of Vault of the Federal Reserve Bank, New York City

"plans" will be no longer profitable to him.

As we write, we read in the newspapers that Uncle Sam has found a man among his naval experts whose inventive genius has brought forth a device that seals the doom of the submarine. Everything to-day is progress. We are told that the world's war of to-day is bound to destroy civilization. However, we will discover, when the clashing is all ended and normal ways are again resumed on land and sea, that knowledge, the possession of which is civilization, has been revealed and added to the world's stores; that the human race will profit by the economics, the sciences and the humanities this awful war will have taught. In time we may understand the origin of the power that perpetually encircles the sun. Nothing seems improbable for time to reveal even with regard to impregnable bank vaults.

The past year has witnessed the arrival of a new kind of concrete, that, used for the construction of bank vaults, has revealed a most remarkable capacity for circumventing the burglar's art. Mr. Frederick S. Holmes, the prominent vault engineer of New York city, has made some exacting tests of this concrete, with several representative bankers and engineers present, and such remarkably good results were obtained that no more fitting closing of this article could be made than to describe them.

This new concrete (Hydro-Crete is the registered trade mark, owned by the Hydrolithic Waterproofing Co., Inc., of New York city) is composed of cement, sand and a glass slag, a by-product of certain plate glass manufactories, which is specially treated to make it harder than plate glass itself. This aggregate ranges in size from one inch down to one-quarter inch. To gain still greater strength chemicals are added to the mixture, and these chemicals, acting upon the cement, increase its adhesive properties, the result being an extremely hard and tough concrete.

For the first test a block of Hydro-Crete was made, three feet square by one foot thick in the proportion of one

part cement, two parts of sand and four parts of glass slag, and after final crystallization had taken place, a torch flame of Blau gas, developing about 5,000 to 6,000 degrees Fahrenheit, under a pressure of 105 pounds, was directed upon the flat surface of the Hydro-Crete block for fully fifteen minutes, making the specimen fiery red. The torch was then removed and upon inspection it was found that the cement of that portion of Hydro-Crete directly in contact with the flame had calcined to a depth of two inches, but the glass slag showed no sign of having melted. A drilling test was made immediately on this heated portion and after the drill had penetrated two inches of the top surface, which was found very hard, no further progress could be made, the drill rebounding under the stroke of the heavy sledge. A second application of the torch was applied for another fifteen minutes on the same spot as in the first test, but after removing and cutting out all the calcined cement of the first test, showed as before that calcination of the cement extended to a depth of two inches.

To ascertain what the effect of a sudden change of temperature would be, cold water was applied immediately on the red hot surface after the torch was removed. It resulted in a hair line crack across the top of the slab, one-quarter inch in depth, which showed that expansion and contraction, even under such sudden extreme changes in temperature, was very little, due to the fact that the aggregate glass slag occupied during and after the experiment the identical same space it occupied before expansion.

In an endeavor to melt the slag a three-minute application of the torch on the glass itself caused it to bubble, but it did not run, and after the torch was removed it immediately showed the same tough hardness as before. A like test by the same torch and pressure, applied to a three-inch square steel bar produced a one and one-half inch hole through the bar in forty seconds and

The 45-ton Door and Main Entrance of the Federal Reserve Bank Vault

Attacking the heated concrete immediately after removing the torch

cut the bar in two pieces in seventy seconds.

At a later date further tests were conducted for the purpose of ascertaining the ratio of resistance to intense heat of stone concrete compared with glass concrete and also to pursue the method that would probably be used by burglars in attacking a vault. These specimens corresponded in size and mixture to each other and to the block used in the first test.

Applying the double torch

The heat was produced by means of an oxy-acetylene double torch and set to play on the centre of both slabs of concrete for twenty minutes. The heat was then shut off and men attacked the burned portion, while hot, with a bull point chisel and a twenty-four pound sledge. In fifteen minutes they had cut a hole in the stone concrete approximately six inches deep and eighteen inches in diameter and conical in shape. In the same time a hole was made in the glass concrete two inches deep and nine inches outside diameter. By striking the slabs with a twenty-four pound sledge, it required four blows to cause the stone concrete to crumble while ten blows were required to break a corner off the glass concrete slab.

The result of these tests have shown that this glass concrete, which is

Interior View of the Two Story Vault of the Sixty Liberty Street Corporation before the installation of the interior steel work

trade-named Hydro-Crete, will offer greater resistance than stone concrete to fire, water, the intense heat of oxy-acetylene, to drilling and mob attack.

Comparing the cost of the two materials, Hydro-Crete increases the cost of a bank vault from one to three per cent., depending upon the size and location of the vault. This is insignificant compared to the increased efficiency which is not less than forty to fifty per cent., and the prestige it gives a bank to have vaults which are more completely fire and burglar proof.

The estimation in which Hydro-Crete is held appears from the fact that it has been used in the construction of the vaults for the Federal Reserve Bank, Equitable Building, New York city (the latter building requiring nearly seven hundred tons), the new vault for the Guaranty Trust Co., at 43d Street and Fifth Avenue, and the two-story vault for the No. 60 Liberty Street Corporation. All work has been executed under the supervision of the Hydrolithic Waterproofing Co., Inc., of New York, sponsors for this new material.

Every tested expedient for rendering money and securities in the custody of

Section of the above Vault showing double row of steel rail reinforcement

financial institutions less liable to successful depredations by burglars contributes to that safety which is a prime essential of banking. The tests to which Hydro-Crete has been subjected, and the fact that it has been used by banks like those just named, speak most strongly in its behalf as a protection against the assaults of the bank burglar.

Banking and Financial Notes

NEW ASSISTANT TREASURER FOR GUARANTY TRUST COMPANY

At a meeting of the executive committee of the Guaranty Trust Company of New York, held last month, Arthur B. Hatcher was appointed an assistant treasurer of that company.

Mr. Hatcher for more than ten years was secretary to C. H. Sabin, president of the company. On September 20, 1916, he was appointed assistant to the president.

Mr. Hatcher was born in Rensselaer,

A. B. HATCHER
Assistant Treasurer Guaranty Trust Company of New York

N. Y., December 2, 1888. After completing his education he entered the employ of the National Commercial Bank of Albany in 1906, and was soon promoted to a position of responsibility with Mr. Sabin, who was then vice-president and general manager of that institution. Mr. Hatcher accompanied Mr. Sabin when he came to New York in the spring of 1907 to assume the

presidency of the National Copper Bank, and was with him when the National Copper Bank was absorbed in the Mechanics and Metals National Bank. In 1910 he came with Mr. Sabin to the Guaranty. He has a wide acquaintance in the financial district.

NEW YORK CHAPTER SUBSCRIBES TO LIBERTY LOAN

The board of governors of New York chapter of the American Institute of Banking at its May meeting decided to make a cash subscription to the Liberty Loan. This action by the board is in keeping with the recent telegram of E. G. McWilliam, president of the American Institute of Banking, to President Wilson, offering the services of the members of the institute throughout the country in helping educate the public regarding the loan. W. H. Kniffin, chairman of the chapter's public affairs committee, also announced at the same time that his committee is prepared to furnish at least ten men on short notice to tour the country speaking on behalf of the loan.

U. S. MORTGAGE & TRUST CO. ABSORBS FIDELITY BANK

The United States Mortgage & Trust Co. of New York has announced the purchase of the assets of the Fidelity Bank, Madison Avenue and Seventy-fifth Street, which it will operate under the name of the Madison Avenue Branch. The bank was organized in 1900, has a capital, surplus and undivided profits of $391,000, and individual deposits of approximately $1,700,000.

By the acquisition of this bank, the United States Mortgage & Trust Co., whose main office is at 55 Cedar Street, will now have three uptown branches, the others being located respectively in the Ansonia Building on Broadway at Seventy-third Street, and One Hundred and Twenty-fifth Street, at Eighth Avenue. The company was chartered in 1871, has a capital and surplus of $6,000,000, and resources of nearly $100,000,000. The Seventy-third Street Branch was opened in 1902 and the One Hundred and Twenty-fifth Street Branch in 1907.

E. W. Dutton, formerly cashier of the Fidelity Bank, has been appointed manager, and E. A. Henderson, assistant manager. The new branch also has safe deposit and storage vaults which will be continued under the management of the United States Safe Deposit Company, affiliated with the Trust company.

EXECUTIVE COUNCIL OF THE A. B. A. MEETS AT BRIARCLIFF

From any point of view the 1917 spring meeting of the executive council of the American Bankers Association, held at Briarcliff Lodge, Briarcliff Manor, N. Y., May 7, 8 and 9, was easily the most important of its long and not uneventful career. In discussion of matters of national moment, as well as of vital interest to the members of the association, and in the number

of council members in attendance, the meeting surpassed all records. There were only nine absentee council members, a total of eighty-five present in addition to the members of executive committees of sections, etc.

First in importance was the relation of the council meeting to the nation's war financing and more specifically to the "Liberty Loan of 1917." The presence of Governor Harding and F. A. Delano of the Federal Reserve Board gave an official cast to the deliberations of the meeting and also went far to straighten out the conflicting views of the board and the state banks with reference to their joining the Federal reserve system. Patriotism was the dominant note throughout.

The presence of members of the Federal Reserve Board also bore fruit in the adoption of the following resolution by the executive committee of the State Bank section:

"Whereas, The amendments to the Federal Reserve Act covered in Bill S. 1796, and its accompanying changes as further amended by this committee in conjunction with Governor Harding and Mr. Delano of the Federal Reserve Board, successfully eliminate most of the principal objections to the Federal reserve system made to this committee by the state banks of the United States in answer to its questionnaire; Therefore, be it

"Resolved, That this committee recommends to the state banks of the United States that they consider carefully the Federal Reserve Act and its amendments after the amended bill referred to has become law, with the thought of joining the system (if they feel warranted in doing so) in order to strengthen the banking power of the United States of which they are so important a part."

The insurance situation came in for considerable discussion, which resulted in the passage of the following motion: "That an expression from the members of the American Bankers Association be had by referendum as to the advisability of forming either a stock company or a mutual company, controlled by the members of the American Bankers Association, to protect its members on the insurance risks of bankers, members only; and that an auxiliary committee to be appointed by the president of the state secretaries section of the association be authorized to secure this expression from the membership and report at the next annual convention, to be held at Atlantic City." This action does not bind the association in any way and is solely for the purpose of ascertaining the sentiment of the membership on this important question.

LIBERTY BONDS SHOULD BE TAKEN BY THE PEOPLE AT LARGE

"The Liberty Loan will be placed and the banks will do whatever may be necessary to insure its success," says James S. Alexander, president National Bank of Commerce in New York. "To facilitate the purchase of bonds, bank credit will be made freely available and

should be freely used. It is desirable that a substantial part of the issue be taken, not by banks as an investment on their own account, but by the people at large, to be paid for by money now unemployed and from the savings of the future.

"Bonds of the United States Government are prime collateral, and if borrowers arrange to make payments from time to time as they may be able from income not required for living expenses, loans will be gradually reduced and ultimately liquidated.

"With the entry of the United States into the war our Government decreed full coöperation with our allies and that every resource of the United States in men, material and money should be used to the fullest extent needed, and our people throughout the length and breadth of the land have endorsed the stand taken by the Government. To do our part will require enormous sums of money, which must be raised by levying taxes and by bond issues.

"If the taxing program of the Government is to produce revenue to the extent estimated, business must be fostered and be continued on a profitable basis, and the incentive to do business, namely, profits, must be maintained. Any substantial curtailment of banking credits results promptly in lessened business activity, and during the period of radical readjustment now in process it is essential that no problem of adequate supplies of money to conduct legitimate business should exist. Ample assurance should be had that banking credits will not be curtailed from necessity or otherwise.

"It is a fact that the resources of the Federal Reserve Banks will be more than sufficient for all business demands and for the purposes of the Liberty Loan. It is not improbable that the banks will be seeking commercial paper, now the most desirable because the most liquid character of investment, in aggregate amounts in excess of the supply. There is no reason for business interests to fear that their activities may be curtailed by a lack of banking credit.

"The banks may also buy reasonable amounts of Liberty Loan bonds for their own investment, and should, and doubtless will, lend freely to facilitate the purchase of United States Liberty Loan bonds by others, who should be encouraged to borrow for that purpose and thereby do their share in the great work of supplying the Government with the funds it must have if the war is to be successfully prosecuted."

CHANGES IN THE NATIONAL BANK OF COMMERCE IN NEW YORK

The National Bank of Commerce in New York has recently added to its force two men who are well known in financial circles in New York. They are Adolph F. Johnson, recently a state bank examiner, and B. S. Miller, first vice-president of the New York Chapter of the American Institute of Banking.

Mr. Johnson for a number of years was with the Irving National Bank before he became a bank examiner. He came to the National Bank of Commerce in New York to fill the newly created position of special examiner. Mr. Johnson also has been active in the American Institute of Banking, especially in debating.

Mr. Miller was with the Chemical National Bank for fifteen years before coming to the National Bank of Commerce in New York as a member of its auditing department.

THE BANKER'S PART IN FLOATING THE LIBERTY LOAN

"There is some confusion of thought regarding the part the banks are to play in floating the loan," says Gates W. McGarrah, president of the Mechanics and Metals National Bank of New York. "It is perfectly right that the people of the United States should expect that the banking machinery be used to the utmost to facilitate the bond sale, and that the Government should ask for every ounce of energy which our bankers can exert in its behalf.

"But the Liberty Loan is fundamentally a popular one, to be taken by people. It is the wage earners who are to be reached, not the banking institutions. The importance of this cannot be emphasized too strongly; to preserve the industrial and commercial stability of the nation, the banks must not be expected to tie up any large part of their resources in the Government loan. They will, of course, be expected to ex-

tend their credit to those customers in good standing who desire to subscribe to the loan, all this at a time when deposit items are being disturbed by direct subscriptions.

"This duty will not be an easy one, for if only half the bond issue calls for the extension of credit at the banks, there will be necessary an immediate increase of the loan items of the country's national and state banks and trust companies of a billion dollars, which is equal to a large fraction of their present loan item.

"The $2,000,000,000 Liberty Loan represents the greatest single financial operation that has ever been attempted in this country; indeed, it represents an issue of securities equal in amount to the securities the entire world required a full twelve month to absorb, less than a generation ago. So that the operation will not be a simple one. Many problems in connection with the loan confront the bankers—problems of maintaining adequate reserves, of negotiating huge transfers of credit without dislocating business, of maintaining a discount market for the commercial interests of the country. These problems will be met as they arise. They will best be met by those who study now what is going on and prepare themselves for what is ahead."

GUARANTY TRUST HAS NEW PARIS OFFICE

The Guaranty Trust Company of New York opened recently its new office in Paris, located on Rue des Italiens. Alexander Phillips has been appointed manager of the new office; William G. Wendell, sub-manager, and R. P. Staigg, assistant secretary.

BOOKLET ON THE WAR LOAN ACT

A reprint of the War Loan Act has been prepared by the Bankers Trust Company of New York for free distribution.

BOOKLET ON WAR BOND ISSUE

The American Exchange National Bank of New York have compiled a booklet which gives the War Bond Act and is being distributed free of charge.

"MOBILIZING MONEY FOR WAR"

The Guaranty Trust Company of New York has issued a booklet in which is emphasized the importance of recruiting the nation's resources for the $7,000,000,000 Government War Loan. It is pointed out that in the United States not one person in five hundred owns a government bond, while in both France and England eleven persons in every one hundred have helped individually to finance those countries in performing their part in the present war. It has an appeal not only to patriotism, but to reason and to business sense, and entreats that those who have never purchased bonds become investors in this issue.

PAMPHLET ON WAR LOAN ACT

An analysis of the War Loan Act has been prepared by the Mechanics and Metals National Bank and is being distributed to those requesting it. The

booklet contains a short introductory explanation which discusses the various interesting points of the act.

J. G. WHITE COMPANIES

The annual statement of the J. G. White Companies of New York was submitted to the stockholders recently for the year ending December, 1916. The amalgamated balance sheet for all of the companies shows total current assets of $1,478,238.57, which was composed of $504,945.80 cash on hand and the remainder accounts receivable after ample provision had been made for bad and doubtful accounts. The total debts of the companies, exclusive of the dividends on preferred stock which were paid before that date, were $483,976.81. The amalgamated account balances at $5,444,479.40. The J. G. White Company, Inc., shows assets of $4,268,670.60. The J. G. White Engineering Corporation $1,833,484.29, while the J. G. White Management Corporation shows assets of $893,682.42.

NAMED AS DEPOSITARY

The Mercantile Trust and Deposit Co. of New York was recently appointed the depositary for the Denver and Salt Lake Railroad first mortgage thirty-year bonds.

MR. FAUST STILL WITH IRVING

The many friends of Richard J. Faust, Jr., assistant cashier of the Irving National Bank of New York, and for many years connected with that institution, will be glad to learn that he has reconsidered his determination to make his future home in Boston and is again back at his old desk in the Irving.

WRITES ARTICLE ON WAR FINANCE

The May number of the "System Magazine" contains an article by James S. Alexander, president of the National Bank of Commerce in New York, on principles that are involved in war finance. This article has also been

printed in pamphlet form and is being distributed by the bank.

IRVING BANK'S BOOKLET ON TRADE ACCEPTANCES

The address on trade acceptances in national preparedness by Mr. Lewis E. Pierson, chairman of the board of the Irving National Bank of New York, delivered before the Joint Machinery Dealers Associations at Memphis, Tenn., April 13, 1917, has been prepared in pamphlet form and is being distributed by the Irving.

NEW SECRETARY FOR NATIONAL FOREIGN TRADE COUNCIL

O. K. Davis has been appointed secretary of the National Foreign Trade Council with offices in the India House at Hanover Square, New York. Mr. Davis succeeds Robert H. Patchin, who resigned to become affiliated with W. R. Grace & Co.

DESCRIBES ORGANIZATION OF A FOREIGN EXCHANGE DEPARTMENT

Recently the National Bank of Commerce in New York published a highly interesting and helpful article on the organization of the foreign exchange departments in large banks. The article appeared in the "Commerce Monthly," which is the official bank publication, and was accompanied by a very complete and well mapped out chart showing the relation of sections of the department to each other, and outlined in considerable detail the duties of each.

PARK BANK CLUB BANQUET

The third annual banquet of the Park Bank Club of New York was held at the Hotel McAlpin on April 18, 1917. The affair was a great success, and the excellent feast and program of entertainment afforded great enjoyment to all. The club is composed of over two hundred officers and employees of the National Park Bank. The officers of the club are F. A. Randel, president; F. P. Ashley, vice-president; W. J. Madill, treasurer, and H. M. Truslow, secretary.

MECHANICS AND METALS BUSINESS LETTER

With regard to apportioning the war's burden, the Mechanics and Metals National Bank of New York in its May business review points out that it has already been made plain that loans are not to furnish the only means of securing funds for the United States. Broadly speaking, there are four methods of

paying for war—loans, taxes, conscription of labor and property, and the issue of paper currency. All these methods have been used abroad. All have their merits. All have their limitations. Loans are limited by the credit of a nation. Taxes are limited by the taxable capacity. Wealth conscription is limited by the degree of liberty possessed by a people and their rejection of the principle of servitude to state omnipotence. Paper money issues are limited by the soundness of the economic doctrine of a people and the ability of a nation to retain a gold basis against the alluring method of printing paper money for the payment of contractors and soldiers alike.

BANK OPENS WAR BOND OFFICE

The National Bank of Commerce in New York on Thursday, May 10, opened an office devoted exclusively to the sale of Liberty Loan War Bonds. The office is located on the ground floor of the bank building at 31 Nassau Street and is supplied with a competent force for furnishing information to prospective war bond subscribers.

The National Bank of Commerce was the first banking institution to call attention with large signs to its facilities for taking subscriptons to the war bond issue.

GUARANTY TRUST HAS EMPLOYEES WAR BOND PLAN

A unique partial payment plan which will put the war bonds within the reach of every wage earner is offered to employers by the Guaranty Trust Co. of New York. To assist in securing the widest possible distribution of the Liberty Loan, this company has set aside a large fund to enable the bonds to be carried by the employers for the individual subscribers. The Trust company's plan enables every earner, no matter how small his income, to buy these bonds and to pay for them a little at a time.

A letter, which the Trust company has sent to thirty-one thousand banks throughout the United States with an outline of this plan, points out that, in soliciting subscriptions to the Liberty Loan, every effort should be made to avoid transferring bank balances from one locality to another, and that the Trust company is therefore using its plan only in New York City. It further points out that, should any bank in the United States care to employ this method in connection with its efforts to increase subscriptions in its own locality, it is free to do so, and will be furnished all necessary information.

In New York City copies of the plan are being sent to employers especially. The plan provides that the employer subscribes for the bonds in behalf of his employees. He secures a bank loan sufficient to pay for the bonds subscribed for by his employees. The subscriptions are made through the bank which lends the money, the bank retaining the bonds as collateral, and credit-

BOND YIELDS OF THE UNITED STATES GOVERNMENT 3½% - 15-30 YEAR "LIBERTY LOAN" WAR BONDS AT SEMI-ANNUAL INTEREST AT PRICES WITHIN TWO POINTS OF PAR ON

Price	3½% Stock Dividend Yield	June 15 1917 Maturing in 30 Years	Dec 15 1917 Maturing in 29½ Years	June 15 1917 Maturing in 15 Years	Dec 15 1917 Maturing in 14½ Years
102	3.431%	3.393%	3.392%	3.330%	3.325%
101⅞	3.436	3.400	3.399	3.340	3.336
101¾	3.440	3.407	3.406	3.350	3.347
101⅝	3.444	3.414	3.413	3.361	3.358
101½	3.448	3.420	3.419	3.372	3.368
101⅜	3.452	3.427	3.426	3.382	3.380
101¼	3.457	3.433	3.432	3.393	3.390
101⅛	3.461	3.440	3.439	3.404	3.401
101	3.465	3.447	3.446	3.414	3.412
100⅞	3.470	3.453	3.452	3.425	3.423
100¾	3.474	3.460	3.459	3.436	3.434
100⅝	3.478	3.466	3.466	3.446	3.445
100½	3.482	3.473	3.472	3.457	3.456
100⅜	3.487	3.480	3.480	3.468	3.467
100¼	3.491	3.486	3.486	3.479	3.478
100⅛	3.496	3.493	3.493	3.489	3.489
100	3.500%	3.500%	3.500%	3.500%	3.500%
99⅞	3.504	3.507	3.507	3.512	3.512
99¾	3.509	3.514	3.514	3.522	3.523
99⅝	3.513	3.521	3.521	3.533	3.534
99½	3.518	3.527	3.528	3.544	3.545
99⅜	3.522	3.534	3.535	3.554	3.556
99¼	3.526	3.541	3.542	3.565	3.567
99⅛	3.531	3.548	3.548	3.576	3.578
99	3.535	3.555	3.555	3.587	3.589
98⅞	3.540	3.561	3.562	3.598	3.600
98¾	3.544	3.568	3.569	3.609	3.612
98⅝	3.549	3.575	3.576	3.620	3.623
98½	3.553	3.582	3.583	3.631	3.634
98⅜	3.558	3.589	3.590	3.642	3.646
98¼	3.562	3.596	3.597	3.653	3.657
98⅛	3.567	3.603	3.604	3.664	3.668
98	3.571%	3.610%	3.611%	3.675%	3.679%

The accompanying table of bond yields has been prepared for the Liberty Loan Committee by Seymour Knight, of New York, to give the investing public some idea of the per cent. yield of a 3½ per cent., 15-30 year semi-annual interest bearing bond at prices within two points of par, and also the comparative dividend yield of a 3½ per cent. stock at the same prices.

After the first bond issue of two billion dollars has been subscribed, and before the second bond issue is offered for subscription, bonds of this first issue may be resold at prices varying slightly from par. The table of bond yields is given out at this time, in order to show clearly the small change in the yield at probable maximum and minimum prices. Now is the time to buy the Liberty Loan bonds, at par, from bankers and brokers, as an investment, and in loyalty to the Government, and eliminating entirely the idea of buying for speculation.

Any change in the yield basis will probably not be over one-tenth of one per cent., a negligible factor to consider. This, in money, is one mill on every dollar invested, five cents a year on a $50 bond, or ten cents a year on a $100 bond. In case the second bond issue is at a higher rate of interest, the investor of to-day is protected in being able to exchange his bonds, par for par, for those of the higher rate.

ing the purchaser with interest on the bonds.

The employees pay a small amount each week on their subscriptions. These sums are deposited with the bank making the loan, and are credited against the total subscription. As fast as payments are completed the bonds are delivered.

A printed schedule of payments for those receiving weekly wages or income varying from $10 up is enclosed. On the reverse side of this card the employee is urged to take advantage of this opportunity to show his patriotism. The plan makes it as convenient as possible for earners to save and subscribe.

MONTGOMERY HALLOWELL WITH NATIONAL BANK OF COMMERCE

Montgomery Hallowell, formerly of the editorial staff of the "Chicago Tribune," and recently eastern manager of the foreign advertising of the "New York Times," has joined the new business department of the National Bank of Commerce in New York. Mr. Hallowell has a wide acquaintance both as a newspaper writer and as an advertising specialist and is equally well known in the East and the Middle West.

MONTGOMERY HALLOWELL
National Bank of Commerce in New York

Mr. Hallowell is a native of Kansas and was a student at the University of Kansas. He later studied law and was admitted to the Bar. He deserted the legal profession, however, for journalism, when he went to the "Chicago Tribune" as a writer in the editorial department, where he remained for six years.

Mr. Hallowell later went into the advertising agency business and became manager of the New York office of Lord and Thomas and remained with them for three years. He was later advertising manager for the United States

Motor Company and then took charge of the foreign advertising department of the "New York Times" for the eastern division, in which capacity he was serving when he accepted the position with the National Bank of Commerce in New York.

MERCANTILE BANK TAKES ANOTHER NEW YORK CHAPTER MAN

The announcement has just been made of the addition of another New York Chapter man, B. P. Gooden, to the staff of the Mercantile Bank of the Americas.

Mr. Gooden has been with the New Netherland Bank for the last nine years, four years of which he was in the credit department of that institution, and for the last two years has been assistant to the president. He is a graduate of New York Chapter of the American Institute of Banking, and during the past season served as first vice-president. He is also chairman of the Chapter's educational committee, and is a member of its board of governors.

In view of the recent announcement of the election of J. A. Seaborg, who is president of New York Chapter, as assistant treasurer of the Mercantile Bank of the Americas, it is a striking recognition of the value of institute work that this one institution should claim both the president and vice-president of the Chapter within a few weeks of each other.

NEW YORK CHAPTER ELECTS OFFICERS

At a recent meeting of the New York Chapter of the American Institute of Banking the following officers were elected:

President, A. F. Maxwell, National Bank of Commerce in New York; first vice-president, B. S. Miller, National Bank of Commerce in New York; second vice-president, I. H. Meehan, Farmers Loan & Trust Co.; treasurer, L. H. Ohlrogge, National Park Bank; chief consul, F. M. Totton, Farmers Loan & Trust Co.; librarian, C. M. Mead, Bowery Savings Bank.

TRUST COMPANY A REGIMENT

The Metropolitan Trust Co. of New York City has a large number of trained fighting men among its officers and employees, so that as far as fighting ability is concerned the company might be considered on a par with one of Uncle Sam's regular regiments. The president of the company has trained for seven years in the New York State National Guard, the vice-president has received military training at the Peekskill Military Academy. The second vice-president served in the SpanishAmerican War, and a number of other officers and employees have had military training, eight of the latter are already in active service.

ISSUES NEW BOOKLETS

The National Bank of Commerce of New York City has issued two booklets, one of which, "Gold," treats of the problem presented by the accumulation of surplus gold reserves, the other "The Principles Involved in War Financing," suggests methods for financing the war. Both of these book-

lets the bank is offering for distribution.

BANKERS AND ASTOR TRUST MERGE

Arrangements have been completed for the merging of the Bankers Trust Co. and the Astor Trust Co. of New York. It has been voted to increase the capital stock of the Bankers Trust Co. from $10,000,000 to $11,250,000, which will be for the conversion of Astor Trust stock into Bankers Trust stock, and also to increase the number of directors of the Bankers Trust Company from twenty-two to thirty.

FIRST NATIONAL BANK OF COOPERSTOWN, N. Y., ANNOUNCES CHANGES

At a recent meeting of the board of directors of the First National Bank, Cooperstown, N. Y., Melvin C. Bundy, teller, and John F. Moakler, auditor, were each appointed assistant cashiers.

The last statement of the First National shows deposits of nearly a million and one-half and resources approximating two million dollars.

CONDITIONS IN THE PITTSBURGH DISTRICT

The Peoples National Bank of Pittsburgh in its last monthly financial letter reports that Pittsburgh industries are prepared and are upon a war basis to meet Government requirements. The experience of the various industries during the past two years in furnishing the raw and finished materials entering into munitions sent abroad, and the additional facilities provided to meet the abnormal demands for structural material, railroad equipment, etc., at home and abroad, are available to-day for their home government. One change that will be felt to some degree as a result of the entrance of the United States into the great war will be the inconvenience of private consumers. Last year when our naval program was completed and appropriations authorized therefor, steel manufacturers announced to the trade that contracts for 1917 and subsequent delivery would be booked subject to delay in filling government needs. Some time before the events of April a census of the country's facili-

Population, Wealth, Income and Debts of Belligerent Countries[1]

	Population[2]	Wealth	Income	Borrowings[11]
A. Entente Allies:				
United Kingdom	45,370,530	$80,000,000,000[3]	$10,500,000,000[7]	$19,000,000,000[12]
France	39,601,509	70,000,000,000[4]	6,000,000,000[8]	11,000,000,000
Russia	178,378,800	50,000,000,000	6,500,000,000	13,000,000,000
Italy	36,120,118	25,000,000,000	4,000,000,000	3,000,000,000
Belgium and Serbia	10,335,685	12,000,000,000	1,250,000,000	............[13]
Portugal and Rumania	13,465,994	7,000,000,000	600,000,000	............[13]
United States	102,826,309	220,000,000,000[5]	38,000,000,000[9]	....
Entente Nations	426,098,945	$464,000,000,000	$66,850,000,000	$46,000,000,000
B. Central Powers:				
Germany	64,925,993	$87,000,000,000[6]	$10,500,000,000[10]	$15,500,000,000
Austria-Hungary	49,458,421	40,000,000,000	5,500,000,000	7,000,000,000
Turkey and Bulgaria	25,611,416	7,000,000,000	1,000,000,000	1,130,000,000
Central Nations	139,995,830	$134,000,000,000	$17,000,000,000	$23,630,000,000

1 While all the figures pertaining to wealth and income are necessarily more or less conjectures, it is believed that for comparative purposes the present figures give a fair view of the situation. If we have erred at all, it has been on the side of conservatism rather than liberality. The most reliable authorities were consulted, though different authorities in the same country often disagree. Even in cases where official statistics are presented, the comparability of the figures may be vitiated by the fact that different standards are used in the process of estimation.

2 Population statistics refer in every case, except that of the United States, to the latest census enumerations. It was thought that the war mortality might greatly counterbalance any natural increases in the population since the last censuses. The United States figures are the latest estimate of the United States Bureau of the Census.

3 On the basis of Helfferich's estimates, cf. Karl Helfferich, *Deutchlands Volkswohlstand* 1888-1913, Sixth edition, Berlin 1915, pp. 113-114.

4 Ibid., p. 113.

5 Calculated on the basis of figures given in the Statistical Abstract of the United States 1915. Cf. also *Seventh State Conference on Taxation, Report of the Committee on the Relation of State and Federal Taxation*, 1917, Appendix B.

6 Helfferich, op. cit.

7 Pierre Leroy-Beaulieu, *Les Impots et les Revenus en France, en Angleterre et en Allemagne*, Paris 1914, p. 10.

8 Ibid., p. 7.

9 On the basis of King's figures, cf. W. I. King, *Wealth and Income of the People of the United States*, New York 1915, p. 129.

10 Helfferich, passim. Leroy-Beaulieu, op. cit., disagrees with Helfferich. The latter's estimate is about 9 billion dollars.

11 The figures in this column are based primarily on the excellent summary of war borrowings which appeared in the NEW YORK AMERICAN, January 5, 1917—brought up to date.

12 This figure already embraces the loans to Allies and Dominions.

13 No figures are here given because they are included in the borrowings of France, Great Britain, etc.

One of the most important tables of newly compiled statistics is the above taken from the "War Finance Primer," issued by the National Bank of Commerce in New York

ties was taken, and when the diplomatic break was seen to be inevitable, American makers of munitions and army supplies generally who had completed foreign contracts and who contemplated dismantling the works erected to expedite delivery on such contracts, were notified to keep their new plants and facilities unimpaired for possible use by the home government. As a result, this country has escaped the plight which suddenly overwhelmed Great Britain on the advent of the war, and industrially at least we are in as complete a state of preparedness as was the German Empire three years ago this month, and far superior to all the Central Powers combined as they approach the beginning of the fourth year of the struggle.

PEOPLES NATIONAL BANK STATEMENT

The Peoples National Bank of Pittsburgh, Pa., organized in 1864, in its last statement, taken at the close of business May 1, shows total resources of $31,511,974.74 and deposits of $27,533,920.11. The bank has a capital stock and surplus of $1,000,000 each. One of the interesting and striking features of the statement as the bank publishes it is that one page is devoted to a reproduction of a letter from Marwick, Mitchell, Peat & Co., certified public accountants of New York, in which they give the results of their examination of the bank's books as at February 10. This examination showed total resources of $27,267,514.88 and deposits of $22,429,680.67.

NEW ASSISTANT SECRETARY FOR GIRARD TRUST CO.

The Girard Trust Company of Philadelphia, Pa., has appointed F. Lewis Barroll as an assistant secretary of the institution. Mr. Barroll has for the past eleven years been connected with the company.

NEW ASSISTANT CASHIER FOR PENN NATIONAL

William B. Ward has been elected an assistant cashier of the Penn Na-

tional Bank of Philadelphia. Mr. Ward has made a large circle of friends and acquaintances who extend to him hearty congratulations.

UNION NATIONAL BANK STATEMENT

The Union National Bank of Philadelphia, popularly known as "the neighborhood bank," in its last statement of condition, shows total resources of $12,986,494.62. Deposits are $10,329.151.60. This bank has been established for nearly sixty years and has a capital of $500,000 and a surplus and net profits of $400,000.

HELPING THE PUBLIC TO SUBSCRIBE

William A. Law, president of the First National Bank of Philadelphia, has sent the following letter to the customers and friends of the bank suggesting a plan which enables the public at large to subscribe from their earnings to the Liberty Loan:

The success of the Liberty Loan now so prominently before the nation will depend not so much upon the large subscriptions of banks and great corporations as on the willingness of the public at large to subscribe from their earnings and economies to an amount of the issue commensurate with their needs.

To assist in this work, we are coöperating with many business houses among our friends in the organization of Liberty Bond Clubs which enable persons of small means to buy a $50 bond in fifty weekly payments of $1 each or a $100 bond in a like number of payments of $2 each. We enclose herewith a sample of the cards used by such clubs and furnished by us without charge. The operations of the plan are as follows:

A member of your force is designated as treasurer to receive the payments of your subscribing employees and to keep the necessary records. Upon making the initial payment, the subscriber signs the enclosed cards in duplicate and creates a contract between the subscriber, your company and ourselves. The card is then punched to show the date of issuance and the amount paid. The member's card is issued to the subscriber and the office card is kept by the treasurer as the record of the payment. As cards are issued the treasurer notifies this bank, on blanks furnished for this purpose, and a $50 bond is purchased if a $1 a week card is issued or a $100 bond if a $2 card is given. Each week subscribers present their cards and payments to the treasurer, who punches both the member's and the office card simultaneously, thus giving a receipt and making the bookkeeping record. The treasurer will deposit the funds received in this bank in a special account opened by him for that purpose, on which interest at three per cent. will be allowed. When fifty payments have been made the member will surrender his card to the treasurer, who will draw a check on the special account here and will receive in return the United States Government bond. There will of course be a small accrual of interest on the bond and the subscriber pays this, but gets it back when he

collects his first coupon. You will find that nearly all questions which will arise are answered by the rules on the back of the cards.

If you are interested in installing this Liberty Bond Club we shall be glad to furnish the equipment without cost, provided the treasurer deposits the funds with us. If there are other questions which you desire to have covered we would welcome an opportunity of taking up the matter with you.

To encourage this movement of thrifty patriotism, will you not endeavor to interest the members of your staff in organizing such a club?

PHILADELPHIA BANK COMMENTS ON ECONOMY

The last business and financial letter of the First National Bank of Philadelphia contains an interesting discussion on economy. The bank states that there is danger of pressing the economy campaign too far. It is highly necessary that the public should cut out waste and make better use of its food supply. But the situation will not be helped by forcing undue economies in clothing, merchandising and other forms of household and various branches of personal expenditure. In cases where income has been reduced, such economies are called for as a matter of common sense. But it stands to reason that general trade and the country's manufacturing machinery can be badly upset by a sudden decline in the demand for such merchandise as has been in request for a year or more.

BANK LAUDS WAR RESOURCES OF PHILADELPHIA

The fact that Philadelphia is able to furnish more than any other section of the country in the waging of the war is the statement of the Corn Exchange National Bank of Philadelphia in its last issue of "The Advance."

"Throw out a chalk line sixty miles long from the City Hall tower and from the end of it draw a circle around Philadelphia," says "The Advance." "Inside that ring will be found the greatest cannon producing factory on the American continent, the greatest arms producing factory, the largest explosive and powder works on earth, our country's leading shipyards and an immense navy yard.

"Philadelphia can make more uniforms, hats, underclothes and socks for our coming army of a million, or two million, or three million men, than any other place in the United States.

"The most vital thing back of and behind the necessary heavy munitions and guns, which this war demands in unprecedented quantities, is the machinery to make those very necessities. In this particular field Philadelphia stands entirely alone and it turns out nearly all those gigantic lathes for boring the mammoth guns that are used in this country.

"Philadelphia also manufactures a vast quantity of other machinery down to the most delicate instruments, such as range finders, and apparatus to measure the velocity of shells as they are projected into space."

PATRIOTIC CEREMONY ON BANK ROOF

Not long ago the First National Bank of Berwick held a unique flag raising

ceremony on the roof of the bank. While the bank quartet sang the "Star Spangled Banner" W. H. Hehl, the assistant cashier, raised the flag. Preceding the flag raising a patriotic address was made by J. G. Jayne, which, while only heard by a few, was given with great earnestness. The ceremony ended with a rousing three cheers for the flag and a volley of five shots.

TITUSVILLE BANK BUILDING TO BE MODERNIZED

Active work of remodelling the Second National Bank building, contract for which has been awarded to Hoggson Brothers, New York, is scheduled to commence at once.

When completed the Second National Bank expects to have one of the finest banking homes in the oil district of Pennsylvania. The remodelling includes alterations to the one-story building on Spring Street, immediately adjoining the bank, and also to the Barbeau building, with the result that the new home of the bank will be fifty-two feet wide and ninety feet deep. The architecture of the modernized structure will be of the Gothic period, Hoggson Brothers following the design of the present structure in the remodelling.

The Second National Bank was founded half a century ago by Charles Hyde, who had acquired great wealth in the oil and lumber business. Louis K. Hyde succeeded to the presidency in 1901, John Fertig, in 1905, and W. J. Stephens in 1911, all of whom have continued the policy of the founder. The present officers are: President, W. J. Stephens; vice-president, C. N. Payne; cashier, F. C. Wheeler; assistant cashier, J. P. Crossley.

CASHIER OF NATIONAL SHAWMUT BANK

Following the resignation of Benjamin Joy as cashier of the National Shawmut Bank of Boston, W. A. Burnham, Jr., has been elected to that office. Mr. Burnham has served the bank suc-

W. A. BURNHAM, JR.
Recently Elected Cashier National Shawmut Bank, Boston

cessively as secretary and assistant cashier. Other changes at the Shawmut include the election as directors of Thomas Jefferson Coolidge III and Bayard Tuckerman, Jr., of Obrion, Russell & Co. The latest statement of this bank showed assets in excess of $156,000,000.

BOSTON BANK HAS NEW PRESIDENT

H. V. Cunningham was elected president of the Union Institute for Savings at the annual meeting of the corporation held last month. The other officers elected were: Georfrey B. Lehy, vice-president; Thomas J. Kelly, treasurer; Thomas W. Murray, assistant treasurer. The following-named were elected members of the corporation: Dr. John Bapst Blake, John J. Sullivan, Joseph A. Cummings, Victor M. Pelletier and Dr. John C. Bossidy.

TORRINGTON NATIONAL BANK HOLDS RECEPTION IN ITS NEW BUILDING

The Torrington National Bank, Torrington, Conn., held last month a public reception in honor of the opening of its new bank building, which has been erected for it by Hoggson Brothers, New York. The formal opening for business took place on May 28.

The Torrington National Bank building follows the Colonial style of architecture in design. The exterior of the structure is constructed of Hy-Tex brick, relieved by and ornamented with white marble trim resting on a granite base.

The interior of the spacious banking room carries out the intention of the design of the exterior in all respects as to taste, proportions and well-arranged details, all modern appliances that go to make the modern banking institution having been installed.

The Torrington National Bank was incorporated in the fall of 1899 with a capital of $100,000. The strong character and excellent judgment of the organizers proved a foundation for a sound business which has always been conducted along most conservative lines.

Its rapid and steady development is best evidenced by the fact that in January, 1900, its deposits amounted to $34,843, while in January, 1917, they were $2,704,172, an increase of over two and a half million dollars in sixteen years. The present officers are: John F. Alvord, president; F. F. Fuessenich, vice-president; John H. Seaton, cashier; Frank M. Baldwin, assistant cashier.

NEW BOSTON BANK BUILDING

Work has been started on a new building for the Dorchester Trust Co., 555 Columbia Road, Boston. It will be built from the plans of Hutchins & French, Boston architects, and will be 60x85 feet, one and two stories in height, to be occupied exclusively by the company. The cost will be something over $100,000. The growth of the business of the company has necessitated the erection of the new building, which also called for an increase of capital from $200,000 to $300,000, the new stock being sold at 120.

LEE, HIGGINSON & CO.'S FINANCIAL LETTER

The last regular financial letter of Lee, Higginson & Co., Boston, Mass., is devoted to war economics and observations are made in regard to the business policies and methods likely to prevail in the conduct of the war. The letter deals exceptionally well with the question of detrimental economy and states that thrift and saving should be encouraged and extravagance should be checked, but too abrupt change in the demand for commodities, whether regarded as necessaries or not, may do more harm than good. The cost of the war should be paid out of the country's prosperity instead of by exactions which cut off the very sap on which that prosperity depends. A reasonable tax on excess profits and heavier taxes on the diffused wealth accruing to the community from the operation of successful industries will be cheerfully endured as has been the case in England.

Those in authority are beginning to deprecate propaganda and activity which under an exaggerated sense of national peril or necessity are creating apprehension, unsettling business and undermining credit. It is undoubtedly to the advantage of the country that labor and material which can be spared from industries relatively inessential to the national defence and the well-being of the community should become available for more urgent uses; and wise economy in both public and private expenditures will doubtless tend toward making capital and labor thus available. But it is unwise and unnecessary that the needs of the country in this respect should be anticipated to the extent of throwing and keeping vast numbers of men out of employment. As an extreme case of misguided economy may be mentioned the proposed discharge of trained nurses who were to have been employed in New Jersey during the coming summer to deal with the possible continuance of the infantile paralysis epidemic.

CELEBRATES FIFTIETH ANNIVERSARY

The Boston Safe Deposit and Trust Company of Boston, Mass., celebrated the fiftieth anniversary of its organization on May 1, and the directors of the company elected F. J. Burrage as secretary; A. W. Collins, assistant secretary, and L. H. Allen, assistant trust officer.

CONSOLIDATED NEW HAVEN BANKS TO HAVE NEW QUARTERS

Work of remodeling the present quarters of the First National Bank of New Haven, Conn., as well as on the new addition to be erected by Hoggson Brothers to serve the purposes of the consolidated First and Yale National institution on Crown street, is progressing rapidly. The new home will be a splendid example of modern bank architecture and will be equipped with all devices and appliances that make for efficiency and convenience.

The architecture of the new structure will follow that of the lower portion of the present First National Bank building. The entire front will be rock granite trimmed with dressed granite. The lower windows will be protected with bronze grilles.

The banking room is designed in the renaissance period, with massive columns, pilasters and heavily ornamented beamed and paneled ceilings. The counterscreen will be of marble and bronze, having a Botticino die and Formosa marble base and counter ledge supporting the beautifully designed bronze screen with plate glass panels pierced by the tellers' wickets, which are designed with elliptical and telescopic grille. The walls of the public space will be decorated to harmonize with the marble railing to the same height as the counterscreen itself, and the floor will be of grey Tennessee block marble. A room will be fitted up in soft grey enamel for the exclusive use of women patrons, the directors' room will be trimmed and furnished in rich mahogany, while the remaining rooms will be finished in oak.

The officers of the First National Bank are Thomas Hooker, president; P. N. Welch, vice-president; Fred B. Bunnell, cashier; F. L. Trowbridge, assistant cashier.

ANOTHER CHAPTER PRESIDENT PROMOTED

George E. Stirlng, for many years with the First National Bank of New Haven, has been elected an assistant cashier of the Yale National Bank, which will later be merged with the First National Bank. Mr. Stirling is president of the New Haven Chapter of the American Institute of Banking and has been active in the work of the chapter since its inception.

George E. Tester, another active member of the New Haven Chapter, has also been elected an assistant cashier of the same bank.

The same qualities which these men have evidenced in their chapter work have contributed towards their present promotion.

RICHMOND TO SUBSCRIBE $7,000,000

The activity and patriotism of Richmond banks is shown in the organization of liberty loan clubs in every bank and trust company in the city. Bonds are sold by the banks on the weekly payment plan of $1 a week for each $50 bond. The clubs were opened May 21 and hundreds of workingmen and clerks were enrolled as members.

Richmond has been asked to subscribe to $7,000,000 of the liberty bonds

and it is expected the amount will be taken at once.

One hundred million dollars was allotted as the share the Fifth Reserve District should take in the liberty bonds and Governor Seay of the Federal Reserve Bank of Richmond is confident that the district will measure up to all requirements.

A great deal of enthusiasm is being manifested here in the sale of the liberty bonds and it is expected that every citizen of any means at all will become a subscriber, if only for one bond.

RICHMOND BANK CLEARINGS

Bank clearings continue to grow, showing the excellent business conditions that obtain in Richmond. On May 22 the total clearings of the Richmond Clearing House Association for the month amounted to $75,242,121, and for the corresponding period last year the amount was $51,262,067, showing an increase of $23,980,054.

BANKER'S SON YOUNGEST RICHMONDER TO ENLIST

John M. Miller, Jr., president of the First National Bank of Richmond, Va., has granted his approval to his fifteen-year-old son, P. O. Miller, who desired to enlist in the navy. The youth had to gain the consent of Government naval officials in addition to his father's consent.

NEW HOME FOR FEDERAL RESERVE BANK OF RICHMOND

Designs for the new home of the Federal Reserve Bank of Richmond have been submitted and turned over to the jury award, in accordance with the conditions of the American Institute of Architects. Eight architects submitted plans, and it is possible the jury will make its award early in May.

The jury that will select the winning design is composed of George J. Seay, governor of the bank; Caldwell Hardy, Federal Reserve agent; Colonel John F.

Burton of Wilson, N. C.; Bert L. Fenner of New York, and T. J. D. Fuller of Washington.

On the site for the new banking house a force of men are at work razing the old buildings and by the time the contract for the new structure is awarded the ground will be cleared and ready for the new work. Governor Seay said it was impossible to give any approximate idea as to when the new building will be completed.

TO HEAD VIRGINIA BANKERS ASSOCIATION

W. Meade Addison, vice-president of the First National Bank of Richmond, and vice-president of the Virginia Bankers Association, will be elected president of the organization at the annual meeting in June. This meeting will be held June 21-23 in the Chamberlin Hotel, Old Point Comfort. An elaborate program is being arranged for the occasion.

HANDSOME NEW BANKING HOME FOR LA GRANGE NATIONAL BANK

Hoggson Brothers have commenced active work on the new bank building which they have designed and will erect and equip for the La Grange National Bank, La Grange, Ga.

The structure will be a handsome two-story building following in design the classic Ionic type of architecture, and will be a worthy addition to the civic development of La Grange.

The building will be forty-two feet wide by eighty feet deep, constructed of Indiana limestone, with massive columns of the same material, and will present an appearance of great dignity, strength and beauty.

Neither expense nor effort will be spared by the bank to make its new quarters equal to those of any financial institution in the South. Owing to its rapidly expanding business the directors have arranged for Hoggson Brothers to provide for them ample accommodations not only for present needs, but to take care of future requirements. The bank expects to take possession of its new home on January 1 next.

The La Grange National Bank was organized in 1905 with a capital of $150,000. Its present officers are: Fuller E. Callaway, president; C. V. Truitt and F. M. Longley, vice-presidents; R. C. Key, cashier; H. G. Traylor, assistant cashier.

INVESTMENT BANKERS CONVENTION

The sixth annual convention of the Investment Bankers Association of America will convene in Baltimore October 1, 2 and 3. The committee in charge of the program and other arrangements will soon start active preparations on what is expected to be the association's most successful convention.

NASHVILLE BANK GIVES COTTON CONDITIONS

In its May business forecast the American National Bank of Nashville, Tenn., gives some interesting statistics

DEVELOPING MAN-POWER IN BANKING

Some men, like machines, are replacable at cost, or less. Others are indispensable as the power which propels the modern super-dreadnought.

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A Few of the Noted Authorities in Banking and Finance Who Have Made this Course Possible

Elmer H. Youngman, Editor, The Bankers Magazine, New York City
H. Parker Willis, Ph.D., Secretary, Federal Reserve Board, Washington.
George E. Roberts, National City Bank, New York City.
Arthur B Hall, A. B., Real Estate Expert, Chicago.
Louis Guenther, Editor, Financial World, New York City.
Frederick Vierling, Trust Officer, Mississippi Valley Trust Company, St. Louis.
Edward M. Skinner, General Manager, Wilson Brothers, Chicago.
William Bethke, M. A., Director, Department of Business Administration, La Salle Extension University.
Samuel D. Hirschl, S. B., J. D., Member Illinois Bar, Chicago.
Frederick Thulin, LL. B., Formerly of the Union Trust Company, Chicago.
O. Howard Wolfe, Cashier, Philadelphia National Bank, Philadelphia.
Walter D. Moody, Managing Director, Chicago Plan Commission.
R. S. White, Collection Manager, American Steel and Wire Company.
C. M. Cartwright, Managing Editor, Western Underwriter, Chicago.
Warren F. Hickernell, A. B., Former Editor Brookmire Economic Service.
Irving R. Allen, Sales and Advertising Counselor, Chicago.

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in regard to the cotton trade. It seems that domestic consumption of cotton in March amounted to six hundred and two thousand bales compared with six hundred and fourteen thousand bales in March a year ago. March cotton exports aggregated three hundred and forty-five thousand bales compared with four hundred and sixty-four thousand in March of last year, while imports totaled forty-eight thousand bales compared with sixty thousand bales a year ago. Stocks of cotton in consuming establishments on March 31 totaled two million and forty-nine thousand bales compared with one million nine hundred and eighty thousand bales last year, and stocks in public storage and in warehouses were two million nine hundred and six thousand bales compared with three million four hundred and seven thousand on March 31, 1916. There were thirty-three million two hundred and thirty-three thousand spindles in operation in March compared with thirty-two million and twenty-nine thousand active in March of last year. The final report on cotton ginning places the amount of cotton ginned from the crop of 1916 at eleven million three hundred and fifty-seven thousand bales, which compares with eleven million and sixty-eight thousand bales in 1915 and fifteen million and nine hundred and six thousand bales in 1914.

The American Exchange National Bank, Dallas, Tex.

One of the strongest banks in the entire southwest, has just started its new building, which it intends to make one of the show buildings of the State of Texas.

The entire exterior is to be of Indiana limestone and the office building section is intentionally set forward so as to leave a large top light over the main banking room.

The building will be seventeen stories high and fitted with every one of the latest improvements. The banking room will have a very handsome gallery or mezzanine extending all around it and be treated in the San Saba marble which is found in Texas, and which is similar to many of the Italian marbles.

Architecturally the effort has been made to make the building symbolize the substantial, progressive conservatism for which the bank is famous. The building will be finished in ten months from date.

Alfred C. Bossom of New York and Lang & Witchell of Dallas are the associated architects.

GEORGIA BANKERS ASSOCIATION

The annual convention of the Georgia Bankers Association was held May 2, 3 and 4 at Columbus, Ga. Among the entertainments were group dinners at the Columbus Country Club, a ball game and a barbecue at Goat Rock Dam. The convention committee consisted of W. H. Young, chairman; T. A. Williams, W. H. Hunt and H. E. Weathers.

REPORTS CONDITION OF TEXAS BANKS

The Department of Insurance and Banking of the State of Texas report that eight hundred and forty-eight state banks and trust companies doing business in Texas making report to Commissioner of Insurance and Banking for the official call of March 5, 1917, show the following condition:

Loans and discounts, $107,660,607.85, an increase over previous call of December 27, 1916, of $11,420,689.21, or 11.8 per cent.

Overdrafts are reported in the amount of $442,390.61, a decrease over previous statement of $303,153.75, or 40.6 per cent.

Capital stock account shows an increase of $412,500.

Permanent surplus fund shows an increase of $581,094.29, or 8.3 per cent.

Total deposits are $153,007,164.04, a decrease over previous statement of $7,409,787.61, or 4.6 per cent.

Total cash reserves amount to $66,941,204.82, or a decrease over previous statement of $14,940,587.34, or 18.6 per cent.

The percentage of cash reserve to demand deposits is 47.4 as against 54.6 at the last call, showing a decrease in ratio of reserve to demand deposits of 7.2 per cent. The general condition of the banks at the present time appears to be most excellent. The slight decrease in deposits and cash reserve and increase in loans and discounts only re-

flects the natural change of business conditions from the harvesting to the growing seasons. The state banks have never been in better condition than at present.

COMMERCIAL NATIONAL BANK, NEW ORLEANS, LA.

At a meeting of the board of directors G. Ad. Blaffer was elected president of the Commercial National Bank of New Orleans, La., to succeed J. H. Fulton, resigned. At the same time W. J. Mitchell was elected vice-president; W. W. Messersmith, cashier, and Charles Collins, assistant cashier.

P. H. Saunders was elected president of the Commercial-Germania Trust & Savings Bank to succeed J. H. Fulton, resigned. G. Ad. Blaffer continues as vice-president, and G. Owen Vincent as vice-president and cashier.

NEW VICE-PRESIDENT FOR CENTRAL TRUST COMPANY

L. H. Schroeder has been appointed vice-president of the Central Trust Co. of Chicago, Ill. Mr. Schroeder is also manager of the bond department.

WILSON W. LAMPERT PROMOTED

At a regular meeting of the board of directors of the Continental and Commercial National Bank of Chicago, held

WILSON W. LAMPERT
Cashier Continental and Commercial National Bank, Chicago

Tuesday, May 1, the resignation of Nathaniel R. Losch, cashier, was presented and accepted. Wilson W. Lampert, formerly assistant cashier,

was promoted to fill the vacancy thus created.

Mr. Lampert is forty years of age and a native of Illinois, having been born in Chicago. He entered the employ of the American Trust and Savings Bank in 1894, held various positions with that institution until January 1, 1909, when he was elected assistant cashier. When the American Trust and Savings Bank was consolidated with the Continental National Bank later in the same year, he was elected an assistant cashier of the latter institution, and has held that position continuously with the Continental National Bank and its successor, the Continental and Commercial National Bank.

CHICAGO BANKERS TO SOLVE LIVING COSTS

The employees of the First National Bank of Chicago have formed a coöperative plan to reduce their living costs. Eight hundred employees have adopted the plan, which is, to buy their foodstuffs wholesale.

NATIONAL BANK OF THE REPUBLIC COMMENTS ON WHEAT OUTLOOK

In its May review of business the National Bank of the Republic of Chicago reports that the excessive demand for flour by individual consumers has been a potent influence in the extraordinary demand for cash wheat. This, together with the scarcity of supplies and insistent export buying, has resulted in sending prices to record levels. The reciprocal removal of wheat duties between this country and Canada, which action was initiated by the latter because of her difficulty in making export shipments, has so far had little influence on the cash wheat situation, principally because Canada's visible supply is relatively as short as our own. It has been estimated that our own surplus for export and carry-over on April 1 amounted to 54,000,000 bushels, which

compares with slightly over 55,000,000 bushels exported in the last three months of the 1915-16 season. The unexpectedly low condition of the winter wheat crop on April 1, on the basis of average acreage abandonment seems to forecast a production of only 430,000,000 bushels. It is apparent, therefore, that to make up the deficiency, we shall have to look to the spring crop which, fortunately, starts under auspicious circumstances and with a somewhat enlarged acreage assured.

NATIONAL CITY BANK'S MONTHLY LETTER

Commenting on the influence upon trade of the German submarine campaign, the National City Bank of Chicago in its May financial letter, states that publication of the government's foreign trade figures, covering transactions in the month of March, throw interesting light upon the actual effect of the German submarine activity upon American shipping. The country's import trade in March was the largest ever reported in a single month, the total being $270,484,439. The export trade in the same month was the largest on record, except for the January total, amounting to $551,278,328. This was a gain of $156,000,000 over February, when the present submarine campaign really started. These figures offer conclusive evidence of the failure of the German campaign as a paralyzing influence upon the trade between this country and Great Britain. A portion of the increase may be explained by the higher prices which prevail for all classes of material, so that the gain in quantities involved may not be as impressive. But the fact to remember is that, allowing for whatever havoc was wrought by the submarines, a sufficient tonnage escaped them to break all import records for the United States, while the total foreign trade business done aggregated $821,700,000 for the month, a record only surpassed by the January total of $854,000,000. Although March was a longer month than February, it is highly significant that the average daily trade, taking in both imports and exports at the port of New York, was $13,100,000 in March as against $11,800,000 in February. The foreign trade balance in favor of this country was increased during March in the sum of $280,893,889, making the total net balance for the first nine months of the fiscal year $2,816,544,102. In the same period new gold imports amounted to $651,108,102.

BANK REPORTS FINANCIAL FEATURES

The National City Bank of Chicago reports that unusual activity prevails in trade in spite of the war. In the steel trade conditions are extraordinary with demand far in excess of supply. The railroads are short of rails and some carriers are placing orders for 1919 deliveries. France and Italy are among the countries to make such demands. Government work has sidetracked a certain amount of important

business, but collections are good and sentiment is generally favorable. The Middle West will take its quota of the war loan with eagerness and the belief prevails here that the financing will be highly successful.

GYMNASIUM FOR BANK

The Mississippi Valley Trust Company of St. Louis is building a fine gymnasium and rest room for its employees which will also be used as a drill hall for those employees who are preparing themselves for military duty.

ST. LOUIS BROKER DIES

J. D. Davis, vice-president of the Mississippi Valley Trust Company, and president of the Lindell Real Estate Company, died recently at his home in St. Louis.

BANK OFFERS PRIZE FOR SLOGAN

John G. Lonsdale, president of the National Bank of Commerce of St. Louis, offers a prize of one thousand dollars to the man, woman or child in St. Louis or within twenty-five miles of the corporate limits for a fitting slogan for the bank. This offer is made in compliment to the Advertising Club of St. Louis and their aid in bringing the annual convention of the Associated Advertising Clubs of the world to St. Louis in June.

ADDRESSES BANKERS ON VALUE OF ADVERTISING

M. E. Holderness, assistant cashier of the Third National Bank of St. Louis, recently addressed the convention of the Arkansas State Bankers Association, on the subject of bank advertising.

ST. LOUIS BANK PUBLICATION HAS PATRIOTIC NUMBER

The patriotism number of the Mississippi Valley Trust Company's bi-monthly publication service was mailed to ten thousand St. Louisans May 3.

Not even the company's name appears on the front cover of the magazine, which is devoted to a four-color picture of two soldiers in khaki raising Old Glory over the parapet of a fortress with a squadron of battleships in the background.

Under the flag appears the name of the publication, with an exclamation mark after it, Service!

The title page shows the well-known fighting portrait of President Wilson, beneath which are his words, "The supreme test of the nation has come. We must all speak, act and serve together."

The leading article announces the company's offer of free service in several of its departments, to any man or woman of St. Louis or St. Louis county who leaves the city in the present crisis for service in the United States Army, the United States Navy or the American Red Cross.

Other articles discuss "A Unique System of Making Farm Loans," "Better Credit Machinery," "Ninety-Nine Year Leases," "The Reliability of the Human Brain," "Five New Directors," "Three Years' Progress" and "A Legal Opinion on Wills."

A page is devoted to an account of the celebration at which wrist watches were presented with the company's compliments to five employees who have joined the army and navy.

SOCIAL AFFAIR FOR ITS ENLISTED MEN

The Mississippi Valley Trust Company of St. Louis, Mo., recently entertained the men who have resigned to join the army and navy. The guests of honor were Thomas Pointeck, John Bowlin, Harold Parrett, C. J. Duston and L. B. Gray.

BANK OBJECTS TO FORM OF STATE WARRANTS

Objecting to the form of the warrant used the National Bank of Commerce of St. Louis, Mo., recently refused to pay $750,000 state warrants which had been issued by the state auditor. As a result of this the auditor was forced to issue new warrants and recall the others.

MISSISSIPPI VALLEY TRUST COMPANY JOINS FEDERAL RESERVE SYSTEM

In announcing its membership in the Federal Reserve System the Mississippi Valley Trust Company of St. Louis sent the following letter to its correspondents:

"The Mississippi Valley Trust Company has this date been admitted to membership in the Federal Reserve Bank of St. Louis.

"We have taken this step because we believe in the Federal Reserve System. We are convinced that it stands for stability, solidity and immeasurable usefulness for our country. Whatever reluctance we may have felt in the past at the thought of entering the system while imperfections existed, that legislation could easily remedy, is counterbalanced by the recognition of the possibilities it affords for banking coöpera-

tion and for the coördination of all financial interests.

"We recognize that our nation's position is unassailable as long as the spirit of self-sacrifice and of active constructive effort is displayed by our citizens. We feel that the development and conservation of our national resources is the task that confronts our banks and trust companies in greater degree than has ever before been the case. We believe that entrance into the system means that we are strengthening ourselves so that we can serve our customers more advantageously; we also believe that by taking this action we are in a measure enlisting in the ranks so that we can better do our share in our country's progress.

"We will continue to operate under our state charter and complete service to our customers will remain our motto. We appreciate the close relations which we have enjoyed in the past with our banking friends and hope that the added facilities given by the Federal Reserve System will intensify and extend those relations."

NEW BUILDING FOR BARTLETT TRUST COMPANY

The formal opening of the new building of the Bartlett Trust Company, St. Joseph, Missouri, took place recently. The trust company, which was organized eleven years ago, and has experienced a remarkable growth, will occupy the entire first floor of its new edifice.

The building is five stories high, constructed of white enameled terra cotta in English renaissance design. All the lobbies and corridors have Botticino marble wainscots, terrazzo floors and mosaic borders.

The structure was designed, erected, and equipped by Hoggson Brothers, the Chicago and New York builders, under their single contract plan.

The main banking room to be occupied by the Bartlett Trust Company is arranged with the counterscreens and

officers' space conforming to the lines of the exterior walls. The counter-screens are of Italian Botticino marble in rich buff color with panels and wickets in handsome bronze grilles. The wicket openings are furnished with black Carrara glass deal plates.

The four office floors have been carefully arranged, every factor being considered in its relation to the convenience of the tenants. There are ten offices on each floor with fireproof partitions removable to suit tenants' convenience. A high-speed Otis elevator, drinking fountains on the second, third, fourth and fifth floors. letter drops, vacuum cleaners, and other modern skyscraper equipment, have also been installed.

The Bartlett Trust Company was incorporated in 1906. Its officers are David L. Bartlett, president; Louis Huggins and John S. Logan, vice-presidents; Charles A. Frazer, treasurer; Lloyd A. Walker, assistant treasurer; Marmaduke B. Morton. secretary, and Waldo B. Goff, assistant secretary.

NEW PRESIDENT FOR BANKERS ASSOCIATION

It will be of interest to bankers and friends of John W. Staley to learn that he has been elected president of the Reserve City Bankers Association of Detroit, Mich. Mr. Staley was one of the men who organized the association, and he is also vice-president of the People's State Bank of Detroit and secretary of the Bankers Club of Detroit.

JOINT MEETING OF SOUTH DAKOTA BANKERS ASSOCIATION

A joint meeting of groups one and two of the South Dakota Bankers Association was held in Madison on May 16. The program consisted of a business session, a banquet, and a grand ball in the evening. J. S. Thompson is president of group one and J. W. Wadden is president of group two.

REPORTS CROP CONDITIONS IN NORTHWEST

With regard to increased crop acreage in the Northwest, the Northwestern National Bank of Minneapolis states in a recent trade review that the majority of its correspondents assert that there will be an increase in their sections, though there is a very noticeable sprinkling of exceptions.

Late plowing and wet ground will cause some decrease. In some older sections all available area is already producing. Even without the patriotic impulse, the high prices obtained for every product will compel the enlistment of nearly every square yard of fallow field. In the less developed country, many farmers are expecting to plant new breaking to flax, which will release the old land to wheat and other grains.

In Wisconsin territory (western Wisconsin) the season is very late and the increase in acreage, which will probably be small, will run chiefly to corn, this being largely a dairying country. There is no doubt that Minnesota will show a substantial increase. The exceptions are chiefly in districts that are already cultivated to the capacity point, or in the few that are being hampered by excessive moisture and delayed plowing. The grains favored by the increase will be wheat, corn a close second, oats and some barley. This statement is based on the reports received from seventy-five Minnesota bankers.

In the Dakotas there will also be a generous addition to the acreage, although sixteen bankers in as many localities, out of fifty-three reporting, believe not, or are doubtful. The in-

crease in North Dakota will go chiefly to wheat and flax, though there will be some barley, oats and corn. The longer the season is delayed, the more feed grains will be planted. In South Dakota, corn and feed grains will be benefited by the added acres. In Montana, wheat is being largely favored, and flax to a smaller extent.

CALIFORNIA BANKERS ASSOCIATION CONVENTION

Announcement is made that the twenty-third annual convention of the California Bankers Association will be held at Sacramento May 17, 18 and 19, and a cordial invitation is extended for all members to be present.

BANKS TO CONSOLIDATE

The Farmers and Merchants Bank of Stockton, California, and the Commercial State Bank of Oakdale, California, are about to consummate a transaction whereby the two institutions will be consolidated. The directors and officers of both banks have approved the plan and all that remains to complete the same will be the endorsement by the stockholders, which is practically assured.

The officers of the Farmers and Merchants Bank are:

Frank A. Guernsey, president; John M. Perry, vice-president; Will E. Morris, cashier; E. F. Davis, assistant cashier; Charles A. Baker, assistant cashier.

The directors: Frank A. Guernsey, John M. Perry, Will E. Morris, E. F. Davis, Geo. Finkbohner, D. N. Gilmore, H. E. Welch, Frank Cox and S. B. Coates.

AGRICULTURAL OUTLOOK IN CALIFORNIA

In the last issue of the monthly business letter of the American National Bank of San Francisco is an interesting local report of agricultural conditions. The bank reports that the agricultural outlook in California is none too good this year. Unusually cold weather and late frosts have retarded grains and grasses, and caused considerable dam-

age to deciduous fruits. The season, as a whole, has been backward—possibly three weeks late—and if it were not for the fact that a largely increased acreage is under cultivation, the situation would be far from promising.

BANK CLERK WINS PRIZE

The Old National Bank of Spokane, Washington, has awarded a Remington automatic rifle to J. Stephens, a clerk in the bank, who won the adding machine contest of a chapter of the American Institute of Banking not long ago.

BROADWAY CENTRAL BANK SHOWS PROGRESS

The Broadway Central Bank, which was established on the upper west side of New York on May 7, 1914, has just completed its third year of existence and the directors have availed themselves of the occasion to issue a circular calling attention to the fine growth of the institution. From the figures given, it is shown that the deposits increased during the past year from $1,006,863.98 to $1,517,099.75 and the number of depositors from 2,633 to 3,331.

UNION TRUST COMPANY'S STATEMENT

The last statement of the Union Trust Company of Chicago shows total resources of $40,201,652.87 and deposits of $36,900,822.85. The bank has a capital stock and surplus all earned of $1,500,000 each. The growth of deposits for the past five years has been as follows:

1913	$21,167,649.69
1914	20,074,489.32
1915	21,200,623.62
1916	29,341,332.03
1917	34,134,768.11

FEDERAL RESERVE BANK OF RICHMOND

Handling $8,916,660 in securities during the week ending May 19, a record was established by the Federal Reserve Bank of Richmond for the Fifth District. For the past month or more the rediscounts of this bank have been very heavy, averaging considerably in excess of $5,000,000 a week. Southern banks were requested to be liberal with farmers who desired money to aid in an

increased planting of food products and it is possible that this has in a measure accounted for a part of the heavy handling of securities by the big federal financial institution.

The excellent condition of the Federal Reserve Bank of Richmond is shown in the following report issued by Governor Seay:

RESOURCES

Gold coin and certificates....	$7,565,297.00
Gold settlement fund	13,090,000.00
Total gold reserve	$20,655,297.00
Legal tender notes, silver certificates and subsidiary coin.	172,340.55
Total reserve	$20,827,637.55
Real estate	124,398.31
Investments	15,000.00
U. S. bonds, including accrued interest	5,136,856.19
Bills discounted and bought..	15,575,777.26
Due from other Federal Reserve Banks—Net	....
Items in transit—Deferred ...	9,727,331.60
All other resources	163,072.43
	$51,570,073.34

LIABILITIES

Capital paid in	$3,440,050.00
Profit and loss	11,664.70
Reserve deposits—Net	25,434,540.17
U. S. Government deposits...	3,236,197.62
Due to other Federal Reserve Banks—Net	347,452.22
Federal Reserve notes in circulation—Net	10,029,660.00
Items in transit—Deferred ...	8,910,563.22
All other liabilities	159,945.41
	$51,570,073.34
Gold reserve against all liabilities	54%
Cash reserve against all liabilities, after setting aside 40% gold reserve for Federal Reserve notes outstanding......	59%

FEDERAL RESERVE NOTES

Issued	$16,908,020.00
On hand	656,425.00
Outstanding	$16,251,595.00
Gold with Federal Reserve agent	6,221,935.00
Net liabilities	$10,029,660.00

Plans for a new home for the reserve bank have been adopted and it is ex-

pected that work on the building will begin in the very near future. It is understood the new building will cost about $300,000, and will be one of the handsomest structures of the kind in the South. The new building will be located on Ninth street at the corner of Franklin and will have a frontage of about 100 feet looking toward the Capitol Square Park. It is very near the postoffice and the banking section of the city and is considered one of the most valuable building sites for a bank in Richmond.

KNIGHTHOOD CONFERRED ON DIRECTOR OF UNION BANK OF CANADA

The conferring of a knighthood upon Major General Sir John W. Carson, of Montreal, and a director of the Union Bank of Canada, which lately established a New York agency at 49 Wall street, is of wide interest to Canadian bankers. The honor is in recognition of Sir John's services in organizing the Canadian overseas forces.

This signal distinction which has come to another Canadian bank director draws attention to the fact that there are now one baron and nineteen knights serving on the directorates of Canadian banking institutions. Seven knights are presidents of Canadian banks.

The Bank of Montreal has Lord Shaughnessy, K.C.V.O., as a director; Sir H. Vincent Meredith, Bart, as president, and Sir Frederick Williams-Taylor as the general manager. Sir William Macdonald, an octogenarian and reputed to be Canada's wealthiest individual, is also a director of the Bank of Montreal.

The remainder of the list of knights who are on bank directorates follows: Canadian Bank of Commerce, Sir Edmund Walker, president, and Sir John M. Gibson; Dominion Bank, Sir Edmund B. Osler, president, and Sir John C. Eaton; Bank of Hamilton, Sir John S. Hendrie, president; Imperial Bank, Sir James Aitkins; Merchants Bank of Canada, Sir Montagu Allan, president; Bank of Ottawa, Sir Henry N. Bate, Sir Henry K. Egan and Sir George H. Perley; Northern Crown Bank, Sir D. H. McMillan, president, and Sir D. C. Cameron; Banque Provincial, Sir Alexandre Lacoste (board of censors chairman); Royal Bank of Canada, Sir Herbert S. Holt, president; Union Bank of Canada, Sir William Price, honorary president, and Major General Sir John W. Carson.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for April 1, 1917.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: Bankers Publishing Co., 253 Broadway, New York; G. T. Lincoln, 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

J. R. DUFFIELD.

Sworn to and subscribed before me this 21st day of March, 1917.

HENRY G. FRITSCHE,
Notary Public.

My Commission expires March 30, 1918.